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Letter of Comment No: 615 File Reference: 1102-100

From: Dave Twinam [dtwinam@cisco.com]
Sent: Tuesday, April 20, 2004 10:32 AM

To: Director - FASB

Cc: savestockoptions@cisco.com Subject: Chairman Robert H. Herz

Mr. Hertz,

With respect to File Reference No. 1102-100, it would be a critical mistake to force US based companies to expense stock options.

Stock Options are a crucial aspect of how US high tech. Corporations adequately compensate employee's. Moving towards the expense model will only increase the number of jobs which are moved offshore, thus negatively impacting our economy and America's ability to innovate and be competitive in the world high tech markets. There is already enough of a glut in US jobs, this will only serve to make matters worse. Why do we feel the need to impose such restrictions, as they world view is different? So we do we intentionally want to cripple our ability to compete effectively?

Deeming stock options as an expense is inherently wrong given the fact that they do not use company assets, so this makes no sense and is in fact has already been accounted for when the options are exercised.

One of the motivating factors that initially drew me to join Cisco Systems Inc. (~8.5 years ago) were Stock Options. The ability to help contribute to Cisco innovation and technical leadership and as a result see the fruits of my labors as the stock price / shareholders value increases and as a result so does my compensation. This inspires one to work and help drive the companies success and hence benefit the shareholders. Otherwise I fear that the motivation will dwindle and as a result US innovation and corporate success will suffer greatly.

Please heed these concerns and do not force the expensing of corporate stock options. $\,$

Sincerely,

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