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Letter of Comment No: 586
File Reference: 1102-100

From: Alberto Molina [amolina@cisco.com]
Sent: Tuesday, April 20, 2004 10:00 AM
To: Director - FASB
Cc: savestockoptions@cisco.com; Alberto Molina
Subject: Expensing stock options - File Reference No. 1102-10(

Chairman Robert H. Herz,

I have been following the initiative that will require companies to expense stock options. Based on my experience at Cisco Systems as a beneficiary of broad-based stock options since the year 2000, I have to say that I haven't seen a better way of motivating employees - stock options make us accountable owners and directly responsible for the success of the company and ourselves.

Forcing companies to expense all stock options given to employees will, without a doubt, force them to eliminate broad-based stock option assignments. This effectively removes a key competitive edge from corporate America vs. other countries that are emerging as our toughest competitors, like China, where stock options are not treated as an expense.

It is a well-known fact that stock options drive innovation, productivity, and job creation. Many successful companies have used that tool to attract the right talent and motivate them to be persistent overachievers - taking bright ideas and converting those into innovative competitive edges that keep our country at the forefront of technology.

My hope is that you strive to find a way to make companies account for stock options in a way that won't harm their ability to continue using them as a competitive tool. Companies in America need that tool to compete and continue attracting and motivating the best talent they can get.

Thank you for taking the time to read this email.

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