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**From:** Spencer Hodson [shodson@cisco.com]  
**Sent:** Saturday, April 24, 2004 11:55 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100

**Letter of Comment No: 1887**  
**File Reference: 1102-100**

Chairman Robert H. Herz,

I urge you not to expense stock options, especially at an unrealistically high valuations.

As a mid-level manager, I am so thankful for being able to work at such a progressive company as Cisco whom dispenses stock options broadly to its employee base - not just to senior executives. It has been these stocks options that has kept me motivated to work especially hard as an employee with an eye and vested interest to maintaining the company's success. Stock options give me the sense of pride to know that I am more than a rank and file employee and as such, I reward Cisco with my dedication and commitment to its success.

It is often said that employees are the most important asset in corporate America. If that is true, then stock options are imperative to maintaining our corporate competitive advantage in the US. Stock options increase employee motivation and dedication which improves employee productivity. Its this improvement in employee productivity that works in the best interests of shareholders by ensuring long term competitiveness against foreign multi-nationals with lower waged employee base. Therefore, it is clear that stock options aligns the long term interests of employees and shareholders.

Stock options has helped me provide for my wife and three children and has enabled me to invest in their future. I have been able to use my stock options to buy a nice home in a safe neighborhood and adequately invest in 529s for my childrens education. If FASB mandates that stock options be expensed, I fear it will be the rank and file employees like myself whom will be hurt the most. Companies like Cisco will no longer be able to dispense as many options to its employees as it has done in the past, jeopardizing its future competitiveness and eroding the future upside opportunities and aspirations of employees and their families.

I hope you strongly reconsider and not expense stock options.

Sincerely,

Spencer Hodson

Spencer Hodson  
Internet Business Solutions Group  
Service Provider Practice  
Cisco Systems, Inc  
2200 East President George Bush Turnpike  
Richardson, Tx 75082  
T:469-255-1179 F:469-255-9466  
Cell: 469-371-3413  
Email: shodson@cisco.com  
Pager: 1-800-365-4578 or shodson@imcingular.com