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**Letter of Comment No: 1970**  
**File Reference: 1102-100**

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**From:** Greg Giles (ggiles) [ggiles@cisco.com]  
**Sent:** Monday, April 26, 2004 6:42 PM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100 - proposed expensing of stock options

Chairman Robert H. Herz,

I am writing to you regarding your draft plan of expensing stock options, which I wholeheartedly oppose.

#### Differences between USA and Europe

I am a UK citizen and chose to move to the USA for one principle reason, the work ethic of the high tech. community. The reason USA leads the world in high tech. is clear, the dedication and productivity of the workforce, I live with this each and every day and have experienced it firsthand.

#### Motivation to succeed

The question in my mind is clear, why does the American white collar worker work harder, and more productively .... because they have a vested interest in making their company #1 in their field, through stock options.

Without this, the drive to succeed is based on the personal interactions of individual teams, not the culture and motivation of the entire workforce.

#### Competition

In order to continue our leadership role in high tech. it is imperative we continue to empower our companies to reward their employees by having a stake in the success of the company. Without this our ability to compete in the global economy will be severely damaged, by demoralizing and demotivating the workforce, and withdrawing one of the key benefits available to them.

#### Problems to be solved

I recognize that the corporate accounting scandals require additional controls and measures to be established. However such a 'broad brush' approach goes further than accounting, it will decapitate and demoralize the general white-collar workforce.

The problem needs to be addressed, but the draft plan is not the solution. It creates an artificially high valuation, and ignores the fact that the cost of an option is accounted for when the options are exercised.

#### Conclusion

The problem needs to be solved in another way - not by demoralizing the high tech. white collar workforce and removing our competitiveness

#### Regards

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