

**ikon****Letter of Comment No: 1099**  
**File Reference: 1102-100**

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**From:** Tim Dillon (tidillon) [tidillon@cisco.com]  
**Sent:** Wednesday, April 21, 2004 7:50 AM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am writing you today to request that the proposed expensing of stock options by companies in the U.S. not be implemented. I have worked for several institutions prior to joining my current employer (Cisco Systems) that did not offer this type of incentive. I assure you that the presence of this tool has been a motivating factor in driving my productivity as I truly feel that I have an ownership stake in Cisco. If stock options were required to be expensed, especially at an artificially high valuation, most likely these incentives could no longer be offered by the companies providing them today. If companies like Cisco were no longer able to offer stock options to their work force, I am confident that it would have a negative affect on corporate performance as well as competitively weaken them versus international companies that would be in a position to continue this practice. I personally do not feel that stock options meet the definition of an expense as they do not use company assets and are frequently never exercised. Additionally, their true measure of cost would be the dilution of EPS if and when they were ever exercised.

Please carefully consider your actions and the potential negative short and long-term affects they would have on corporations that are vital to sustaining long-term economic growth in the U.S. as well as on the innovations and productivity of their work force.

Regards,  
Tim

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