

**ikon**

**Letter of Comment No: 1270**  
**File Reference: 1102-100**

**From:** Robert Fisher (rfisher) [rfisher@cisco.com]  
**Sent:** Wednesday, April 21, 2004 12:36 PM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100, Attention: "Chairman Robert H. Herz

Dear Chairman,

I have worked with Cisco Systems for 9 years. I have great concerns not only for Cisco Systems but all high technology companies that are based in the US regarding the expensing of Stock Options. Cisco as well as other High Technology companies have used options as a incentive to drive innovation and productivity within their respective companies. I'm also very concerned about the ripple effect this will have long term on the US Economy. As you know the US is losing thousands of Manufacturing Industry jobs. The one area where the US exceeds in the world economy is in innovation of new technologies and products. Stock options drive this innovation, for us to be competitive in the world economy we need to be positioned to continue the R&D of new technologies. This will have a sustaining effect not only the economy but also from a US security perspective. The real question is do we want to see the US fall behind in leading the world in innovation such as the Auto industry and hamstringing the companies that have helped support and drive our economy and give our leadership away to foreign companies such as Huawei (China based), which by the way stole proprietary information from Cisco already.

In summary

The issues I have with expensing Stock options are:

- 1) The artificially high valuation on stock options to be expenses.
- 2) Stock options are not company assets.
- 3) The true cost of a stock option is dilution of earning per share and is already accounted for when the options are exercised.

Thank you for your consideration.

Bob Fisher

rf



Robert T Fisher, CCIE 2374  
Systems Engineering Manager, Cisco Systems

4/21/2004