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Letter of Comment No: 2087 File Reference: 1102-100

From: Eric Benedetti [ebenedet@cisco.com]
Sent: Thursday, April 29, 2004 10:57 AM

To: Director - FASB

Subject: File Reference No. 1102-100- Expensing of Broad-Based Stock Options

Attn: Chairman Robert H. Herz

Mr Herz,

As an employee of Cisco Systems I feel that the expensing of broad-based employee stock options is the wrong move at the wrong time for several reasons which are discussed below.

When I was first hired here at Cisco it was exciting to know that every employee was receiving stock options and that there was a great chance that all of us "little people" could actually get some real money out of it since the company was performing so well. We would all talk about how we would be retiring within 5 years and it really motivated us to perform, helped to strengthen the Cisco culture, and made employees want to be loyal to Cisco and potential employees to want to work at Cisco.

Of course, with the downturn of the economy, Cisco was not immune to the challenges and the stock certainly could not maintain its past momentum. Needless to say, retirement that soon was a pipe dream, but, even so, employees still maintain hope and stick around because they know that there is great potential for a rebound which could mean great things financially for each and every one of them.

Other companies have probably experienced much higher turnover than Cisco has over the past few years because their employees really have nothing to stick around for. Loyalty to a company is something that is not as prevalent as it was years ago and that is not a good thing as far as i'm concerned. This lack of loyalty makes upper management not care about individual employees and as a result employees are not motivated to go the extra mile for their organization and are quick to "jump ship" when an enticing new opportunity comes along. Stock options for all employees brings back some of this loyalty and since we all have ownership in the company there is no question that we will each go the extra mile to get the job done. This is one of the reasons that Cisco remains such a great company and why I plan to stay here as long as I can.

Expensing of stock options will probably result in the end of our annual "gifting" of options and would be a big blow to morale around here. This does not seem to be a good time to consider implementing the expensing of options as either. The country seemingly is in the midst of a slight economic recovery which we should be wanting to support and add momentum to. Your proposed actions could potentially slow this turnaround because it will affect so many of the influential companies that are driving the recovery, Cisco Systems being one of them. The high tech leadership of American companies is certainly at stake here. How many more jobs can we lose to foreign competition before we decide that it's enough?

Anyway, on a personal note, I don't know that I will ever be a "rich" man. However, it certainly is nice to know that if you work hard and remain loyal to a company that you will be rewarded for your years of service by being able to take advantage of the stock options that you were granted throughout your tenure. Myself and my wife would certainly like to be able to have this to look forward to and I'm sure my son who will be born in August will appreciate how he will benefit as well.

In closing, I would like to ask that you reconsider your position on

expensing broad based stock options. There is too much at stake for the country, the company, and all of the employees involved.

Thank you for your consideration.

Very sincerely, Eric Benedetti

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