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From: Sent:

Wednesday, April 21, 2004 3:02 PM

To:

Director - FASB

Cc:

savestockoptions@cisco.com

Subject:

Please DO NOT expense stock options

Importance: High

Dear Sir,

I felt that it is extremely important to take a minute for you r to review this letter so you may have a better understanding why stock options should not be expensed.

Letter of Comment No: 1212 File Reference: 1102-100

First of all the artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven me to really invest myself into my company. Cisco is trying to do the right thing here by trying to provide incentives to me so I can be as innovative and productive as I can be and now this tool will be broken!!

Second how could you possibly consider stock options as an expense?? Stock Options are just that, an Option to buy stock! Stock Options do not even meet the definition of an expense. Please explain how you think a stock option would use company assets. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Cisco needs stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.) We need to remain competitive. Enough of our jobs are leaving the country!! Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Again: PLEASE DO NOT EXPENSE STOCK OPTIONS!

-DDG

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