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From: Chaves, Gerardo [gchaves@cisco.com]
Sent: Tuesday, April 20, 2004 2:32 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I urge you to *not* treat stock options as expenses, especially at an unrealistically high valuation like it is being proposed by the FASB.

This would virtually eliminate stock options as a tool which has driven innovation and productivity.

I used to work at a German company that did not offer stock options to their U.S. employees and the lack of motivation was evident among my peers, especially since we were in such an innovative market like software for telecommunications. As a result, the best and brightest engineers ended up changing jobs so that their dedication would be more properly rewarded.

In today's business environment, a private retirement plan and a 401k are just not enough given the tendency to lay off employees that some companies have when conditions get tough.... stock options have given me the ability to plan my future better and take my own risks without having to own my own company.

Having stock options makes U.S. companies more competitive. I see this frequently when dealing with the competition (often foreign telecomm equipment manufacturers) who simply cannot move as fast as we do because they are dealing with a complacent workforce which simply does not have a sense of ownership and have very little motivation to push the envelope to bring innovative solutions to market in a timely manner.

Please reconsider the plan you are proposing, at this stage of an apparent economic recovery we cannot afford to slow things down by taking away one of the biggest motivators in the U.S. high tech workforce has!

Sincerely,

Gerardo

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