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From: Sent: Bobinder [bbobinde@cisco.com] Wednesday, April 21, 2004 12:55 PM

To: Subject: Director - FASB
Do not expense stock options

Mr. Chairman Robert H. Herz,

I am an employee of Cisco Systems and would like to have my voice heard against the expensing of stock options. The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. Being a sharcholder motivates me to be the most productive and keeps me aligned with sharcholder's interests. We are a company of owners not renters and it shows. Stock options are a key part of the financial planning my family does for our future. We know that our future success is closely tied to Cisco's success and that is the greatest incentive to give my professional best to Cisco.

Letter of Comment No: 1259

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Stock options do not meet the definition of an expense because they do not 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.

We should also not forget the bigger global scenario. U.S. companies need 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.) 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'.

Regards

Bobinder

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