Letter of Comment No:/254 File Reference: 1102-100

Len Tatore

From: Carmie Harper [hharperg@cisco.com]

Sent: Wednesday, April 21, 2004 9:44 PM

To: Director - FASB

Subject: re: stock options

Good morning--

This message is to urge your reconsideration of expensing stock options for US based companies---

Cisco stock options purchase plan has helped me with sending my son through college UC Berkeley -- where other wise he would have had to attend a JC. The higher education allowed him to get the job of his dreams as a programmer at Electronic Arts -- please consider the lives this decision would touch....

Accounting Issues:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool
 which has driven innovation and productivity.
- 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.

Competition:

- 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'.

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