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Letter of Comment No: 1061

File Reference: 1102-100

From: Garrett Brennan [gbrennan@cisco.com]
Sent: Tuesday, April 20, 2004 12:13 PM
To: Director - FASB
Subject: File Reference No.1102-100 - Please do NOT expense stock options

Importance: High

Dear Chairman Robert H. Herz,

I'm taking the unusual step of taking time out of my work day to write to you as I feel so strongly about this issue. Please do NOT expense stock options. I realize that a few isolated incidents that have been in the news over the last few years are precipitating this move, but do not take this action.

Personally, the stock option program at my employer - Cisco Systems - which grants options to almost all employees has been a great motivating factor in my 5 year work career here. Without a doubt, it greatly aligns my actions and motivation with that of all other stock owners.....for instance, frugality is something we/I take very seriously as it can and will affect stock price ! This benefits all stock owners by increasing profits and stock price. I know that my fellow employees feel the same way.

Further, as we all worry about jobs in the U.S.A. - taking this action will make us less competitive and accelerate the off shoring of American jobs. This is something that I do not want to see ! I also have some issues with the valuation of stock options and the methods used which show very high valuations....from my perspective the true cost is dilution of EPS - at Cisco we have a consistent stock buy back program which accounts for this - and all is disclosed to all shareholders.

In closing, please reconsider this rash action and do NOT expense stock options. Thanks for your attention.

Regards,

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