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From: Sent: Greg Mitchell (grmitche) [grmitche@cisco.com]

Wednesday, April 21, 2004 10:03 AM

To: Director - FASB

Cc: savestocloptions@cisco.com
Subject: File Reference No. 1102-100

Dear Chairman Robert II. Herz,

As a US employee of Cisco Systems, I would like to urge you to not expense stock options. I have personally benefitted from my options at Cisco, allowing me to fund my child's education early in her life.

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

I believe that stock options for a broad employee base have helped my co-workers and Cisco be successful in a very competitive market. Stock options for me are a way for the employees to participate more fully in the success of our companies.

As an individual with an MBA in Finance, I also feel that the notion of expensing stock options based on Black-Scholes or other estimated methods will add unwarranted variability to a companies financial reports. While the expected value of exercised stock options is a good footnote for investors, this value does not accurately estimate the individual stock option exercise behavior of individuals. I personally feel that existing accounting treatments are adequate for investors to make informed stock purchase decisions.

Additionally, US competitiveness allows us to have a high standard of living. The proposal for expensing stock options will likely reduce the ability of US based companies to offer employees the ability to share in a companies success, and therefore it's competitiveness.

Finally, please be aware of the old adage, the law of unintended consequences. My feeling is that if employee stock options are expensed, companies will find other ways of profit sharing for executives(cash incentives, etc), but will not find a replacement for stock options for the majority of employees. In other words, if you are trying to regulate executive compensation, what you will really be doing is lowering compensation for non-executive employees. The executives will continue to be compensated as they are today. The market demands it.

Regards,

Greg Mitchell Sr Mgr, Programs/Solutions and Operations Global Accounts Program Cisco Systems 408-527-3393