

ikon**Letter of Comment No: 714**
File Reference: 1102-100

From: Bill Dyrek [bdyrek@cisco.com]
Sent: Tuesday, April 20, 2004 5:48 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I'm writing to you to express my concern regarding a potential change of regulations around the accounting of stock options. Here at Cisco, stock options are used to give ownership to all employees who have a personal interest in making the company more efficient and profitable. This is a tremendous incentive towards attracting and retaining the best work force in the area and it provides a common productivity goal for every member of our team. Further, stock options do not meet the definition of an expense because they do not use company assets. Specifically, the true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

As a company, and as a country, we're seeing tremendous pressure from foreign competition. As such, 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'.

I strongly urge you to support the retention of stock option accounting as currently implemented. The common goal of company ownership and productivity growth along with the ability to compete against foreign

4/21/2004

countries makes this imperative.

Regards -

Bill Dyrek CCIE #4975
Systems Engineer
100 Corporate Parkway
Suite 320
Amherst, NY 14226
CISCO SYSTEMS, INC

www.cisco.com

Phone: 716 446-5360
Pager: 1-800-365-4578
Fax: 716 446-5399
VM: 383-1874
Email: bdyrek@cisco.com

Speed the resolution of your P3 or P4 case by using the Case Open Tool:

http://www.cisco.com/cgi-bin/front.x/case_tools/caseOpen.pl