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From: Gary Peurifoy [gpeurifo@cisco.com]
Sent: Wednesday, April 21, 2004 3:55 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing to you regarding the impending FASB decision on expensing options for public US companies. Like all Cisco Systems' employees, I enjoy the opportunity to receive stock options on an annual basis based on my individual performance and management level. The behavior driven by a 'Company Owner' mentality generates a very specific level of dedication to my company that I did not experience while working for private companies. While I believe all companies should consider such 'Employee Ownership' programs, it is particularly critical for High Tech companies in the US at a time when the future of our Country's economic future is linked to Innovation fueled by well managed intellectual talent motivated by ownership based compensation programs.

As an individual who has made personal economic decisions based on option vesting cost/benefit tradeoffs between exercising versus holding, it is obvious to me that the current valuation methods being considered are severely flawed. There are many complex factors which impact the true 'Value' of an unexercised option. I find it highly improbable that the FASB will be able to determine an equitable standard that results in improved financial visibility and comparisons between public companies.

I find it staggering that at a time when the US economy is just starting to stabilize and grow that the Federal Government will short-circuit this critical business driver of innovation. This action also appears to be fueled by public opinion and anti-business sentiment created by a tiny percentage of companies and executives who have abused their power i.e. Enron, WorldCom.

I would appreciate your consideration on the above issues as you make decisions which impact the short-term economic recovery in the US and long-term relevance of US innovation on the global business stage.

Sincerely,

Gary Peurifoy

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