

Stacey Sutay

Letter of Comment No: 262
File Reference: 1102-100

From: Dave Barach [dbarach@cisco.com]
Sent: Monday, April 19, 2004 6:36 PM
To: Director - FASB
Subject: File Reference No. 1102-100 -- expensing stock options

Dear Chairman Herz,

In my opinion, the draft plan referenced above misses the mark on a number of grounds. Expensing stock options presumes that one can accurately value them in advance, which is impossible.

Options don't cost the company cash; instead, they act as a dilution of earnings.

Finally, if options must be expensed, only senior managers will receive them. This is considerably LESS fair to the "wheels of the organization" than the status quo.

David Barach
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