

Stacey Sutay

Letter of Comment No: 227
File Reference: 1102-100

From: Pete Davis [psd@cisco.com]
Sent: Monday, April 19, 2004 6:07 PM
To: Director - FASB
Subject: File Reference No. 1102-100 - Concerned about Stock Option expensing

Peter Davis
252 Albion St. Unit #6
Wakefield, MA 01880-3169

Attn: Chairman Robert H. Hertz
File Reference. No 1102-100

Dear Mr. Hertz,

I am writing as an employee of Cisco Systems, based in Franklin Massachusetts. I joined Cisco through the acquisition of Altiga Networks, a small start-up VPN Remote Access manufacturer. I was motivated to join Altiga Networks because I felt that the stock options they gave me could have a significant value if I helped make the company successful. My co-workers and I worked 24x7 for the success of Altiga Networks and continue to work tirelessly for the success of Cisco. It is obvious to me from my own experience that employees with stock options are significantly more dedicated to their organizations than those solely collecting paychecks, even when options are under water. I can say from personal experience that people I know that work for companies without stock options care far less about the overall success of their organizations than those of us here at Cisco and other companies that grant employees options.

I am extremely concerned that the FASB potentially requiring expensing stock options will significantly decrease worker productivity and innovation. It is my belief that the cost of a stock option is EPS dilution and is already accounted for when options are exercised. In effect, such changes would punish us regular employees by locking us out of being able to be directly connected to the success of the companies that we work for.

Stock Options have allowed a regular employee like myself to directly benefit from the success of the company and have helped me be able to purchase a home and save significantly more for retirement. As an employee and shareholder of Cisco, I am always thinking what the right thing is for the company and this linkage is invaluable to the success of our organization.

I hereby request that the FASB not implement any changes that would prevent companies from being able to afford to issue stock options to regular employees. I feel that such changes will be bad for the economy, companies, shareholders and employees.

Best Regards,

Peter Davis
Product Line Manager, Remote Access VPNs
Cisco Systems
Franklin, MA