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From: Robert Schwartz [rschwartz@cisco.com]
Sent: Monday, April 19, 2004 5:54 PM
To: Director - FASB
Subject: Re. Stock Options (File Reference No. 1102-100)

Letter of Comment No: 2/8
File Reference: 1102-100

Hello Chairman Robert H. Herz,

My name is Robert Schwartz and I am an employee at Cisco Systems. Recently I've learned of the FASB's draft plan stating that they intend to treat stock options as an expense. I'm sure you realize that this will either substantially reduce or even eliminate future stock option grants for employees at companies like Cisco Systems. I am writing because before a final decision is made, I'd like you to understand just how important stock options are for employees.

Since Cisco employees currently have stock options, the drive to generate revenue and high profit runs within each employee to a high degree. The result is focus on innovative, new revenue generating products which are manufactured at low costs, high quality, and quick delivery to our customers. This drive directly results in higher productivity and higher profit margin, which results in a higher stock price, which in turn results in more compensation for Cisco's employees. This ultimately leads to a more healthy US economy as employees are able to spend and invest more on items such as homes, property, and other companies. By eliminating this program, you will be eliminating the "American Dream" in many ways as there will no longer be what is essentially a limitless earnings potential -- currently Cisco employees can earn as much as our stock price can give us. This will be taken away with the FASB's plan.

Stock options are what many employees use to put a downpayment on a house, invest in other US businesses, and essentially invest in the US economy. I am currently hoping to purchase a home and am doing ALL I can to increase Cisco's bottom line which will hopefully increase our stock price, and thus give me the buying power I need to purchase a home. That dream goes away for future employees with the FASB's plan as they will have either very little or no stock. Please don't take this dream away from us here at Cisco and other companies that provide stock options to their employees.

Thank you,

Robert Schwartz