

Stacey Sutay

From: Mike Scharaga (mscharag) [mscharag@cisco.com]
Sent: Monday, April 19, 2004 5:12 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100 - FASB Expensing Stock Options

Dear Chairman Robert H. Herz;

Writing to you to have the board reconsider the current expensing of stock options. I think that to much of a heavy handed approach to how companies expense stock options. It will send the wrong message and will close the door to many people like myself who have benefited from companies like Cisco, that has provided "all" of it's employees ability to get options. The benefits of this has helped it's employees improved the quality of life in our households. My personal story has been the one of hard work, no college degree but through incentives provided by Cisco in my eight years with company has allowed my family to not have to live from paycheck to paycheck. Gave us the opportunity to pay down our monthly bills and allow me to afford to contribute to my child's education before she enter's college. Since we live in a world where most of us have to fend for our retirement using 401K, the stock options allow us to provide more things for our families. The incentives I have found in working with Cisco is that we take pride in being part of the ownership of the company and allows us to contribue to the bottom line of company. This is seen in how we improved our revenue to employee earnings which provides value back to our shareholders. I do beleive that options is not really an expense since it does not fall into an expense category but when options are exercised need to be accounted as dilution of Earnings per Share (EPS). This makes real sense since it can be accounted for at fair market value against EPS. If the board goes through with the wrong choice you will be hurting more then just top tier people in these companies but alot of employees who also work hard in these companies.

Sincerely;

Michael Scharaga