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Letter of Comment No: 768
File Reference: 1102-100

From: Munther Louis Antoun [antoun@cisco.com]
Sent: Tuesday, April 20, 2004 9:05 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Opposition to Expensing Stock Options

To Chairman Robert H. Herz:

(File Reference No. 1102-100).

I would like to voice my strong opposition to the expensing of stock options that your board has drafted a plan for.

I have been an employee at Cisco for 13 years. Since day one, employee ownership has been a part of the Cisco culture. All of us contribute to Cisco's success and we should all benefit when the company is successful. The basic tenet of employee ownership is now under fire.

The FASB's valuation being proposed will make it very difficult to continue broad-based employee stock option programs like the one we are currently enjoying at Cisco.

I urge you NOT to expense stock options, especially at an unrealistically high valuation. I can tell you that the initial stock options as well as additional ones, that I have received; have provided a great incentive for me to go beyond the call-of-duty in order to make Cisco an extremely successful company. The options have made my goals in-line with those of the Cisco shareholders.

We continue to have some of the brightest people in the industry who continue to provide us with innovative ideas and product and technology inventions. That creativity, as well as our productivity levels are threatened by the plan that you are considering.

It is also important for us Americans to maintain an edge in technology innovation and product leadership over other countries. Such qualities in companies like ours lead to more job creation.

Finally, I believe that the true cost of a stock option is dilution of earnings per share (EPS) , which is already accounted for when options are exercised.

I hope you consider the negative impact your considered plan will have on the US technology work force and product leadership and innovation.

Thank you for listening.

Sincerely,

Munther Louis Antoun