Len Tatore

Letter of Comment No: 1348
File Reference: 1102-100

From: Jim Von Bergen [jvonberg@cisco.com]
Sent: Wednesday, April 21, 2004 4:49 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I wanted to write to inform you that I do not agree with the decision to treat stock options as an expense. This will change the way my company can distribute stock options to its employees. The current plan for stock options is a very important part of my compensation package and is very important to me. Having the stock options in Cisco provides me with a sense of ownership and I pride myself in the work that I do for MY company. In addition to this there are several reasons that I feel stock options should not be treated as an expense:

* The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.

* Stock options do not meet the definition of an expense because they do not use company assets.
* The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Competition:

* U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
* Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Thanks,

Jim Von Bergen
NPIE, OTBU
Cisco Systems
phone: (408)-853-4142
page: (408)-798-2128
e-mail: jvonberg@cisco.com