Stacey Sutay

Letter of Comment No: 374
File Reference: 1102-100

From: Bruce I. Galler [bgaller@cisco.com]

Sent: Monday, April 19, 2004 8:28 PM

To: Director - FASB

Cc: savestockoptions@cisco.com Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I have been an employee of Cisco Systems, Inc. for about 3 years. Before that, I was employed by Lucent Technologies and before that by AT&T Bell Labs for 17 years. I am quite concerned about the proposal to force companies to expense stock options. Stock options are a way for our company to incent my associates to do the best job they can for our company. There are no really fair or good ways to calculate the value of these options; each method has its disadvantages. I notice that several companies have decided to expense options as "the easy way out". Their business models did not make use of stock options as a way to make their company great, so it was easy for them to make some publicity by saying they would start expensing them. Our company (Cisco) does use stock options effectively.

I would like to encourage you to allow our company to compete on a worldwide basis using this valuable tool. I fear that if we make this tool more expensive, we will become less competitive with our overseas competitors and we will lose jobs. There are many more reasons forcing companies to expense options is a bad idea. Please reconsider the FASB's position on this.

Bruce Galler