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From: Bob Scalfani [rscalfan@cisco.com]
Sent: Tuesday, April 27, 2004 12:01 PM
To: Director - FASB
Cc: rscalfan@cisco.com
Subject: Expensing of Stock Options

Letter of Comment No: 2038
File Reference: 1102-100

Dear Sir or Madam,

I am a long time employee of Cisco Systems. As a program manager, I am privy to daily interaction with a broad cross-section of varied functions within the company. Every day I am able to experience the effects of company ownership via the generous stock option program Cisco continues to embrace. Although Cisco stock valuation has changed dramatically since the heydays of a few years past, the topic of options, and our stake in the success of this company as individuals, is still very pervasive. Cisco is the first company I've been employed by where I've felt I have a direct influence on the bottom line. This is because I have been granted options, and therefore a large personal stake in the success of the company. It is exciting, and I really feel part of the dynamic as I come to work each day and motivate myself and others to do our best.

In the past, options have helped me achieve personal financial goals. I, and my peers alike, have hopes that if we work hard and wisely for Cisco, we will continue to experience the fruits of our efforts relative to our company's financial bottom line. I fear that if Cisco is required to expense our options, those of us in the rank and file will stop receiving options. I can imagine the negative affect this could have on personal motivation and performance. Working for Cisco has been a great experience for me, largely due to the talent and motivation of our team. It would be unfortunate to lose the workforce entrepreneurial spirit which makes Cisco, and other great American companies, world renowned models of corporate excellence.

Please reconsider the recommendation to expense employee stock options, and thank you for your attention in this matter.

Regards,
Bob Scalfani