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Letter of Comment No: 577 File Reference: 1102-100

From: Carmine Greco (cgreco) [cgreco@cisco.com]

Sent: Tuesday, April 20, 2004 9:41 AM

To: Director - FASB

Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am an employee at Cisco Systems in RTP, NC and I'm taking this opportunity to write you about an issue that is very important to me and my family. The number one reason I joined Cisco Systems was because stock options were granted to all employees on an annual basis. The potential to experience the benefits of stock options just like the executives was not possible at my previous employer (IBM), and it really creates an atmosphere of a single family than a stratified set of employees.

In my four years with IBM I watched the company reduce and finally eliminate its pension plan altogether for younger employees. The idea of having stock options to supplement my 401k savings really gives me a sense of control with respect to my future retirement. Now my work and performance will help determine the value of my retirement savings, not the decisions of an executive.

Another benefit of my stock options is that they have given my family the financial comfort to subsist on one income. When our first son was born back in September 2003, my wife was able to take an unpaid leave to raise him partially because we knew that 1) my stock options were keeping our retirement savings on track and 2) we could exercise and sell my options for extra cash in case of an emergency. I can't put into words or dollars what it has meant to our family to have my wife raising our child instead of a daycare center.

There are many business reasons for not expensing stock options (e.g., inaccurate valuations and competition with global companies), but I wanted to give you my personal feelings on this subject. The people who got hurt financially from company executives who abused stock options were ordinary employees. Implementing policies that force companies to eliminate broadbased employee stock option programs will only hurt more of the people you are trying to protect. Please consider a plan that prevents the abuse of stock options and not one that eliminates them for all employees. Thank you.

Yours truly, Carmine F. Greco