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Letter of Comment No: 1277 -
File Reference: 1102-100

From: Jason Gallegos [jgallego@cisco.com]
Sent: Wednesday, April 21, 2004 2:32 PM
To: Director - FASB
Subject: File Reference No. 1102-100

To Robert H. Herz,

I would like to voice my disagreement with the plan of treating stock options as an expense.

I believe if this plan is put into place it will force Cisco System to limit or cancel their current stock option programs to all employees.

I think the benefits of our stock options programs are as follows:

1. Keeps senior leadership in place for a longer period of time. Less senior management turnover. Keeps longer terms goals of the company focused on and completed.
2. Keeps skip level or current employees committed to the company. There is a stronger focus by every employee on cost reduction and employee productivity. As well as a stronger commitment to stay with the company for a longer period of time.

Thank you for your time,
Jason