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From: Sent: Brent Black [bwblack@cisco.com] Wednesday, April 21, 2004 12:12 PM Letter of Comment No: 1216

File Reference: 1102-100

To: Director - FASB

Cc: savestockoptions@cisco.com Subject: FASB Proposed 1102-100

Chairman Herz,

I am writing to you today to urge you to consider dropping the proposed rule 1102-100 which calls for the expensing of Stock Options.

In the wake of financial scandals such as we have endured at Enron, Worldcom, etc. I certainly can appreciate the concern to ensure all factors impacting a companies financial stability are reported and accounted in fiscal earnings reporting. Protecting the shareholders is a very important issue. The problem is that only a few companies have deceived the public.

Far more companies have used Stock Options to drive innovation, motivate employees, reward good fiscal behavior and help compete for the limited resource of talented individuals. My company, Cisco, and its 38,000 or so employees have been empowered to function as if we own a piece of the company, because we do. Our employees feel that they each have a small business to run, and are constantly challenged to do it more efficiently, creatively and cost effectively because we all do own a piece of our organization.

Further, we have been a good corporate citizen by reporting the aggregate Stock Option impact on our financial statements each quarter as a footnote. We are competing globally, and China is a market where competition is spawning. Not coincidentally, they do not require the expensing of Stock Options. Therefore we are again at a competitive disadvantage if we are required to expense them.

How can we expense something that is not really an asset of the organization? This is a question that we have. The notion of expensing options violates this basic accounting principle. Additionally, the true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised. Cisco has also put in place a Stock Re-purchase program in part to help protect shareholders against this dilution.

Please consider the impact not to the institutional investors, but rather to the employees of all the companies who offer stock options. My wife and I are looking to Stock Options to help us improve our home this summer. They have been the glimmer of hope for us through this downturn in the economy. A period where many people have lost jobs or done without salary increases. Not getting a pay increase because of the potential impact to the stock price is a much easier pill to swallow, if we know the potential gains from Stock Options exist.

This single issue will be the sole basis for my vote in the November election for both the President and the members of the House and Senate. It is one I will not consider lightly.

Thank you for your consideration of my views, and I hope you see fit to change your position on this important matter.

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