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From: Brian Conley (bconley) [bconley@cisco.com]

Sent: Tuesday, April 20, 2004 2:51 PM

To: Director - FASB

Cc: savestockoptions(mailer list)

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz;

I am writing this email to urge you to cease your efforts to rollout the current FASB proposal for expensing stock options. I have had much dialog with my peers, friends and colleagues in other industries to broaden my knowledge of this topic. I realize this is a difficult issue to resolve and in some people's minds it will climinate many of the scandals we've seen in corporate America. I couldn't disagree more and feel it will seriously hurt innovation as well as our nation's ability to be a leader in many industries.

On a personal level, the main reason I left IBM after 15 years of service was to pursue a company that offered stock options. The company I chose was Cisco. I have had the pleasure to witness the benefits of a broad based stock option plan first hand. My decision making, behaviors and general approach to management are driven by having a stake in the company and clear incentives to increase shareholder value. The Cisco Stock Option Plan provides options to all levels of employees. It is structured to incent/align over the long term as options vest over 5 years and we get yearly grants. Quite honestly, it is a key element of our culture that allowed Cisco to become a world class leader in the technology field.

The current FASB proposal will dramatically impact Cisco's ability to draw and retain the top talent that has made us so successful. Your board needs to keep in mind that US companies must compete globally. In many cases, these non-US based companies will still be allowed to use stock options to attract the top talent, not to mention the fact that we'll be creating another reason for companies to move employees offshore. This proposal will not be good for individuals, companies nor our nation!

I would be remiss if I didn't address the impact stock options have on our company's shareholders. For me, it is quite simple. Our system already accounts for these impacts through the dilution of EPS.

If you and the board feel that doing nothing is not an option, I would respectfully ask you to consider alternatives to full blown expensing of stock options. I think the S 1890 - The Stock Option Accounting Reform Act provides a more reasonable approach to this issue. It limits the negative impacts of expensing stock options and may provide a more targeted approach to the issue of corporate scandal.

Thanks you for your time and consideration,

Brian Conley
Director US/AMI Global Service Delivery and Support IT-Infrastructure
Tel: (919) 392-7575 Mobile: (919) 345-3125
Contact Address:
7025 Kit Creek Road - Bldg 5/1
RTP, NC 27709