Len Tatore

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To: Director - FASB
Subject: Changes to Stock Option Allocation Rules

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I joined Cisco Systems from 3Com. Both companies operate in the same high tech area, and both attract technology talent by the promise and benefit of awarded stock options. The proposed option expensing changes by FASB would affect damage to companies such as Cisco Systems which motivates employees with both industry comparable salaries as well as with stock options.

Expensing stock options will impact employee motivation, and affect our ability to recruit and retain talent. Without this talent which has been historically/ and will continue to be what differentiates Cisco's from international competition, we will potentially stifle innovation, creativity and productivity - which are all hallmarks of Cisco Systems success.

The vast majority of employees within Cisco Systems work extremely hard with the longer term hope that they will directly benefit for their effort at a later time through awarded stock options. This "carrot" motivates employees through personal gain to make Cisco Systems successful, and to drive Cisco Systems increasingly towards more attractive stock value. Cisco is a fast paced technology business which requires much from it's employees in terms of personal contribution. Removing the ability to award Cisco employees for their part in company success, and for individual contribution would seriously de-motivate employees, affect productivity and ultimately affect company success and the rewards that employees are provided by being part of this corporate success.

Yours respectfully,

Jon Ludford
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