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From: Jim Newman [janewman@cisco.com]

Sent: Tuesday, April 20, 2004 1:42 PM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: File Reference No. 1102-100

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Mr. Herz:

As a career employee in the high-technology industry, I am writing you regarding the pending FASB released draft plan stating that they intend to treat stock options as an expense. I urge the FASB not to require the expensing of stock options, especially at an unrealistically high valuation that is pending.

Letter of Comment No: 954 File Reference: 1102-100

The availability of stock options has clearly contributed to my participation in this industry, and has markedly influenced who I have chosen to work for during my 15-year career with two technology companies. Both of these companies have granted stock options to drive productivity, employee behavior and aligned goals with all shareholders. Stock options have aligned my pay and incentives with that of all shareholders, with that of senior executives and with my own family objectives. Stock options have provided me with an incentive to be loyal to the growth and goals of these companies, and that of the US technology industry. At Cisco Systems, where I have worked for the last four years, stock options are granted to all full-time employees and the majority of shares are granted to non-executives --again, to align all employee incentives with that of the corporate goals and to drive overall shareholder value. Previous stock options that have been granted to me have been used to assist my family in meeting our financial goals and have been used to invest in my three children's college education.

With this proposed treatment of stock options, I can envision a day when the US technology does not attract or retain the best and brightest employees and is less driven by innovation and productivity. I urge you and other decision makers to not treat stock options as an expense.

Thank you for your attention.

Very best regards,

Jim Newman Cisco Systems

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Jim Newman Cisco Systems Customer Advocacy

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