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From: Robert D. Milroy [rmilroy@cisco.com]
Sent: Wednesday, April 21, 2004 8:48 AM

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To: Director - FASB

Subject: File Reference No. 1102-100 (Stock Option Accounting)

Letter of Comment No: 1089 File Reference: 1102-100

Dear Mr. Herz,

As an employee of Cisco Systems, I have concerns about what the FASB may do about the stock option accounting issue. As a stockholder of Cisco Systems, I also have a concern about the stock option accounting issue. The CEO of Cisco Systems wisely says "do no harm" and I would ask you to keep his thoughts in mind about this issue. But I also have to say that this does not mean "do nothing". The concern I have as an employee is that the FASB may implement an accounting standard that is

just as ludicrous as what currently is being done by companies to explain the impact of stock options in their financial statements. I don't believe that an accurate value, and therefore an accurate cost, can be placed on employee

stock options when the option is granted.

But I do believe that a cost can be ascertained when the option is exercised. The most sensible approach that should be taken would be removal of the footnote in a company's financial reports regarding stock option costs and full and complete accounting for the cost of these options at the time they are

exercised, not when they are granted.

While I am not a CPA, I did start to major in accounting in college before switching to computer science. And while I am not an expert in accounting, since I did not graduate in accounting, I do feel like I have some education as well as common sense on this issue. I would implore the FASB to use their own on this issue, also.

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