Letter of Comment No: 1544 File Reference: 1102-100

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From: John Kissane [jkissane@cisco.com]

Sent: Thursday, April 22, 2004 3:36 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz:

My grandparents came from Ireland and I was one of 8 children raised in New York State. I went to college at SUNY and went to work for IBM for 13 years after college. IBM was a great company.

I then went to Cisco systems 7 years ago. The culture created by employee ownership is tremendous. It transforms a large company into 'our' company and with this creates prudent, wise behaviors and fosters a healthy entrepreneurial spirit representative of what I believe has made America a great country.

I understand FASB is considering a draft plan that would treat stock options as an expense. I also understand the valuation being considered would make it very difficult to continue broad-based employee stock option programs like the one we currently have at Cisco.

I respectfully request FASB not to expense stock options, especially at a unrealistically high valuation.

I believe:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- Stock options do not meet the definition of an expense because they do not use company assets.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options
 are exercised.
- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'

Thank you for your consideration.

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