ikon

From: Lucas Cammarata (lcammara) [lcammara@cisco.com]
Sent: Monday, April 26, 2004 4:03 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 1984
File Reference: 1102-100

Chairman Robert H. Herz,

I'm writing to you to express my concern regarding a potential change of regulations around the accounting of stock options. Here at Cisco, stock options are used to give ownership to all employees who have a personal interest in making the company more efficient and profitable. This is a tremendous incentive towards attracting and retaining the best work force in the area and it provides a common productivity goal for every member of our team. Further, stock options do not meet the definition of an expense because they do not use company assets. Specifically, the true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

As a company, and as a country, we're seeing tremendous pressure from foreign competition. As such, 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'.

I strongly urge you to support the retention of stock option accounting as currently implemented. The common goal of company ownership and productivity growth along with the ability to compete against foreign countries makes this imperative.

Regards -

Lucas Cammarata
Cisco Systems, Inc.
18 Corporate Woods Blvd., Suite 200
Albany, NY 12211
email: lcammara@cisco.com
IP Phone: 518-427-5238
Fax: 518-427-5299