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From: David Molinaro [dmolinar@cisco.com]
Sent: Monday, June 14, 2004 1:47 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Attn: Chairman Robert H. Herz

I am writing to request that you **do not** change current accounting rules to expense company issued stock options, especially at an unrealistically high valuation. As an employee of Cisco Systems, Inc for almost 5 years I value the innovation, productivity, personal motivation, and most importantly the spirit of competition that is created by the ability to receive stock options. I strongly believe these business metrics will be compromised if you elect to expense stock options. It is a well known fact that our number one global competitor is China. They **do not** treat stock options as an expense. Why do you want to weaken U.S. based companies? U.S. based companies need stock options to compete with other countries on a global basis!

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.

Stock options have fueled entrepreneurship in America. Start-up companies are dependent on employee stock options because they do not have the financial resources to offer competitive compensation packages. Stock options offer the potential to be rewarded for hard work and risk taking. Why do you want to take that away from the American people? Your asking U.S. based companies (especially small) to choose between attracting talent or showing positive net income - both of which are key drivers in the ultimate success of an organization.

From a personal standpoint, the stock options I receive reward me for the many 60+ hour work weeks that I choose to work in order to help Cisco grow and produce positive earnings for our stockholders. They are enabling me to pay for my children's college education and better prepare for my retirement.

I ask that you reconsider your current position on this issue as it will have a negative effect on the individual contributors who are committed to helping small and large companies to be innovative, productive and competitive. In the end your final decision will have a significant effect on our overall economy. My question to you is .. do you want the economy to improve, stay flat, or go back into a decline?

Regards,

David Molinaro
Sr. Service Account Manager

6/15/2004