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Letter of Comment No: 1289
File Reference: 1102-100

From: Larry Schessel [lschesse@cisco.com]
Sent: Wednesday, April 21, 2004 3:09 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: re: File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing to express my concern with the FASB draft plan stating that they intend to treat all company stock options as an expense. The past 28 years I have worked in the telecommunication field for AT&T, Siemens, and Cisco the past 6 years. While AT&T and Siemens did not give stock options, Cisco has been allocating options to all employees. This has created an entirely different work environment - extremely positive to the U.S. economy as well as the entrepreneurial spirit. While I hope the options will help put my children through college and my own retirement, the fact is the work environment is completely different - for the positive. At AT&T and Siemens, employees always referred to executive management as "Them" and decisions as "coming down from them". At Cisco, all employees are owners and everyone is considered "We". Employees at all levels are always asking "Is it good for Cisco" when making decisions from the smallest code change to important customer decisions. Much of the teamwork is a result of company ownership. I believe expensing all options will seriously impact companies such as Cisco to support their options policy and in fact it will make us less competitve. I do believe options expensing for key executives is really where you need to spend effort to provided needed shareholder protection - but not at all levels.

Regards,

Larry Schessel
Senior Manager, Cisco Systems