

ikon**Letter of Comment No: 951**
File Reference: 1102-100

From: Greg Dal Cielo [gdalcie1@cisco.com]
Sent: Tuesday, April 20, 2004 1:41 PM
To: Director - FASB
Subject: Please reconsider your stance

To Chairman Robert H. Herz, **RE:** File Reference No. 1102-100

Please reconsider the FASB intention to have stock options recorded as an expense. I truly believe the FASB decision makers are making a huge mistake by not realizing who this ruling will affect and the impact it will have on US job retention, productivity, and employee morale. Further, implementing artificial cost controls on stock options creates ill-effects on the free market valuation process that has driven our country to the economic heights it has reached throughout history.

Expensing stock options will divert leaders to other international economies, and equally important impact employees, who today share in the option process with executives and shareholders alike; thereby aligning them with the common mission of productivity, efficiency and financial profitability/returns. The likely new environment for the typical employee in the Silicon Valley, where so much innovation and progress has originated, will be one focused on "keeping my job," rather than "how can we grow the company to the next level." Today, a strong shift in stock price serves as a motivator (either positive or negative) throughout the company and I am sure our shareholders can appreciate that fact. Tomorrow, employees could be more focused on trying to not get fired rather than focused on our company's future vision, innovation, and new ideas that will lead to tomorrow's next generation processes and products.

In sum, I believe this is a measure that is off target and an "over-correction" to the problems of the past that lead to disasters like Enron. This does not hold Company's and their executives more accountable such as SOX, but rather serves as a punitive measure even for well operated, highly efficient, accountable companies and their employees such as Cisco Systems, Inc. As well intended as the current FASB position on stock options may be, if implemented, we will lose one of the key practices of compensation that is truly tied to company performance.

Please reconsider the impact the current FASB position will have on the average employee, our future economic leadership, and free market society, where the "invisible hand" is present, guiding and motivating us all with competitive market forces.

Thank you for your time and consideration of this message.

Sincerely,

Greg Dal Cielo
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