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Letter of Comment No: 1229
File Reference: 1102-100

From: Paul Duffy [paduffy@cisco.com]
Sent: Wednesday, April 21, 2004 12:07 PM
To: Director - FASB
Subject: Expensing Stock Options...File Reference No. 1102-100

Dear Chairman Herz,

My name is Paul Duffy. I am a software engineer at Cisco Systems. I am not a CEO, CFO, or director of the company. I am one of tens of thousand regular employees that is lucky to work for a company that rewards it employees with a generous helping of stock options. It is my understanding that the FASB is attempting to change accounting rules such that it will be very difficult for Cisco to continue its employee stock option program. Further, it is my understanding that accurately setting the future value of a stock option is at best a wild guess, and the valuation methods currently under consideration by FASB tend to significantly overvalue an option's worth.

From a practical standpoint, the stock option is a prime motivator within my industry. It makes absolutely no sense to me that, in these times of ever increasing global competition, FASB is targeting a key motivating force that keeps the best and brightest pushing forward with new ideas and products.

The stock option represents better education for our kids, better health care for an aging parent, a better standard of living for the average employee. I urge you to drop your plans to expense stock options. In fact, I urge you to adopt rules that will encourage wider distribution of stock options to all rank and file employees in all companies.

Sincerely,

Paul Duffy
Cisco Systems