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From: Paul Lukan [plukan@cisco.com]
Sent: Monday, April 19, 2004 7:02 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Chairman Robert H. Herz, File Reference No. 1102-100

Chairman Robert H. Herz,

I urge you to reconsider your position on requiring companies to expense stock options. I believe that the position of the FASB, and the U.S. government in general during these economically uncertain times should be to "do no harm". Please consider the impact your actions may have on the American worker before going down this harmful path.

Over the years I have used company stock options to help in the purchase of my first home, my first new car, as well as paying off other day to day expenses and bills. Without these company stock options from Octel Communications, Lucent Technologies, and now Cisco Systems, I may not have been able to accomplish these things. Each company was able to be very competitive in the global economy and give back to our communities. The money I gained in stock sales was pumped back into the economy, ie buying a home, car, etc... I've always been very loyal to my company and a hard working individual. This is due in some part from being a "owner" of the company I worked for. I urge you again to "do no harm" to the economy and the middle class worker and ask you not to make this change.

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- 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.
- U.S. companies needs 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.)

Thank you for taking the time to read my thoughts on this subject.

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I am a employee and Manager at Cisco Systems Inc.