

From: Luis Suau [lsuau@cisco.com]
Sent: Monday, June 14, 2004 4:16 PM
To: Director - FASB
Subject: File Reference No. 1102-100, Stock Option Expensing

Dear Chairman Herz,

It is very unfortunate that over the past few years there have been several incidents in which Senior Management at various publicly traded companies illegally manipulated financial records in order to boost earnings, get rich selling Millions of Dollars in stock options, while defrauding the investors and employees of the companies they ran. This White Collar Crime is an outrage and those individuals should be severely prosecuted and punished.

Since then, there has been much debate both by Government Officials and the FASB as to how to prevent this fraudulent practice in the future. Some favor the expensing of stock options as a way to deal with this matter and lately I have been informed that the FASB has released a draft plan to treat stock options as an expense.

I believe that expensing stock options WILL NOT be a deterrent to White Collar Crime. Corrupt Senior Management with the power, ability, and desire to defraud for their personal gain will continue. The practice of expensing of stock options will only hurt those in the middle and lower ranks of companies with Broad-based Stock Options Plans as those plans will surely stop if stock option expensing occurs. Individuals in positions of Senior Management will continue to receive stock options (though they will now be expensed) as an incentive to attract quality leaders. Individual contributors which bring the majority of the creativity and innovation to the workplace will lose this same benefit.

I also believe that it is wrong to expense stock option when they are issued since share prices fluctuate, there is no guarantee of the price of a stock at any future date, and particularly when the true cost of the stock options are already accounted as stock options are exercised.

As an individual contributing employee of Cisco Systems, I am one of those individuals who currently receive stock options as part of a Broad Based Employee Stock Option Plan and which will most likely lose that benefit as a result of stock option expensing. Stock Options have been a very motivating benefit in technology companies. I work long hard days in hopes that the increases in productivity and creativity will lead to better products, increased sales and profits, and thus higher stock prices. Broad Based stock option programs have given individual employees like me a benefit previously only available to Senior Management, and is the basic principle of employee ownership in a public company.

By adopting Stock Option expensing, not only will the FASB fail to prevent White Collar Crime, it will effectively wipe out the major component of the future retirement plan of Technology Workers, an industry already substantially hurt from the economic decline of the recent past.

I urge you and the FASB to NOT adopt Stock Option Expensing.

Thank You,

Luis Suau

Luis Suau
Corporate Consulting Engineer
Cisco Systems, Inc.
8200 N.W. 41st, suite 400
Miami, Fl. 33166

Tel: 305-718-2643
Fax: 305 718-2699