

ikon**Letter of Comment No: 3365**
File Reference: 1102-100

From: Betsy Greski [bgreski@cisco.com]
Sent: Thursday, June 10, 2004 11:31 AM
To: Director - FASB
Cc: bgreski@cisco.com
Subject: Urgent request NOT to expense stock options, File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing to you today to urge you **not** to expense stock options, especially at an unrealistically high valuation. Broad based employee stock options have been very important to me and to my family. Not only have they improved my standard of living, but they have improved that of others. I have been able to contribute more to charities and have been able to invest sizeable amounts of money into accounts ear marked for higher education for my nieces and nephews.

Stock options are also a motivator at work. When Cisco does well, I do well. I truly believe that I make a difference at Cisco and stock options have helped to motivate me to go the extra step.

Further, elimination of broad based employee stock options will have a detrimental effect on the U.S. economy, with the worst effects felt in the tech sector. I fear that 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 need stock options to compete with other countries on a global basis. Chinese companies use stock options and they do not treat them as an expense. Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation.

Once again, I urge you to not expense stock options. I speak for me, my family, my community, and the 14 million other rank and file workers who currently have broad based employee stock options.

Sincerely,
Elizabeth Greski

6/10/2004