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From: Carol Totah [ctotah@cisco.com]
Sent: Tuesday, April 20, 2004 12:41 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Letter of Comment No: 1005
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To: Mr. Robert H. Herz, Chairman, FASB
From: Carol T. Totah, Cisco Systems, Inc.

Dear Mr. Herz,
First I would like to thank you for the opportunity to respond to the recent news that the Financial Accounting Standards Board (FASB) is issuing a draft plan detailing rules for expensing stock options.

My company has presented strong arguments against expensing stock options. In summary, expensing stock options raises accounting and competitive issues. Further to those arguments I would add that the U.S. economy is struggling to regain control. Why would the committee consider a change in standards that could ultimately impact such economic indicators as new housing starts, durable goods, and retail sales?

As a 9 year employee of Cisco Systems, Inc., I have received stock options grants based on my performance. This benefit is indeed one of the best employee motivators. As a result, each Cisco Systems "employee/owner of stock" is driven to perform in the very best interest of its customers.

Personally, I would like to think that I have used the proceeds from the sale of options wisely. In 2001, three weeks before my wedding day, my husband was let go from his dream position at KPMG. Option proceeds helped us to start our married life together with a good financial position. Now three years later I can tell you that additional proceeds have helped us to by a home in a good community, start an education IRA for our son, and continue to invest in real estate to solidify our financial future. In short, stock options are good for the employee, the company, and the economy of our country.

You will read hundreds of stories very similar to mine. I join the rest of the employees of Cisco Systems in requesting that the FASB reverse its position on expensing stock options.

Kindest regards,
Carol T. Totah

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