

ikon

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

From: Catherine Wu [cawu@cisco.com]
Sent: Tuesday, April 20, 2004 1:34 PM
To: Director - FASB
Cc: savestockoptions@cisco.com; cawu@cisco.com
Subject: Expensing Stock Options: File Reference No. 1102-100, addressed to "Chairman Robert H. Herz,"

Dear Sir,

I received stock options when I started at Cisco and have been rewarded with stock options over the my 7 years of employment. This makes a huge difference in the way I look at myself as an employee.

Having stock options makes me care more about the health and future of the company. I identify with the Cisco stockholders and it makes me feel more involved in the future of the company.

During the tough times, the potential value that these options motivated me to work even harder as I want my options to grow in value.

Expensing stock options are not a good idea because the artificially high valuation for a stock option required by FASB will eliminate stock options as a tool that Cisco management can use to drive productivity and innovation. Cisco would not be the successful leader in technology that it is today, were it not for stock options.

Stock options do not use company assets and therefore do not meet the definition of an expense, the true cost of a stock option is dilution of earnings per share (EPS) and this is already accounted for when options are exercised.

Cisco employees in the United States will be harmed if Cisco is forced to expense stock options. The company will be forced to hire more engineers from abroad to compensate for the harm it will do to the company financial health. This is not good for the economy.

In this tentative climate when the U.S economy needs encouragement to rebound after the downturn, it is important to allow strong healthy companies like Cisco to continue doing the things that have made it the leader that it has become.

Sincerely,
Catherine Wu

Catherine Wu
Routing Protocols Team
CCIE #4286