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Letter of Comment No:997
File Reference: 1102-100

From: Melissa DeLuca [mdeluca@cisco.com]
Sent: Tuesday, April 20, 2004 1:38 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Dear Chairman Herz:

I am writing in response to file reference number 1102-100. I whole-hearted disagree with the valuation of stock options as outlined. There are three areas which I want to discuss: 1) the personal impact 2) the financial impact and 3) the global impact.

The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. Cisco Systems is the first company where corporate culture is synonymous with employee empowerment and ownership. Stock options are a large motivator and it creates a sense of additional responsibility because Cisco Systems is "my" company.

In addition to ownership and personal impact, I have gained financially and now have the visions of retirement that eluded me in previous jobs. With the uncertainty of Social Security and the economy, retirement planning is imperative. The stock program has contributed greatly to my future and my family's future. Having this security, again is a motivator and allows me to sleep at night knowing I have the ability to plan and provide for my family's well-being.

While I understand this affects me personally, there is a larger impact. U.S. companies need stock options to compete with other countries on a global basis. Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. I do not want to see high tech leadership move overseas. Changing the valuation of stock options could harm the US economic outlook on many levels.

In conclusion, I urge you to consider the negative personal, financial and global impact of this initiative. Thousands of companies and people stand to be greatly affected.

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