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Letter of Comment No: 988

File Reference: 1102-100

From: Felicia Brych (fbrych) [fbrych@cisco.com]
Sent: Tuesday, April 20, 2004 12:32 PM
To: Director - FASB
Cc: savestockoptions(mailer list)
Subject: File Reference No. 1102-100 - DO NOT EXPENSE STOCK OPTIONS

To: Chairman Robert H. Herz

Sir, the actions you are taking to expense stock options are WRONG. This decision will have a direct impact on my future financial well being.

Stock options are very positive for the following reasons:

- U.S. companies needs stock options to compete with other countries on a global basis. Other countries use stock options and they do not treat them as an expense. Why would the US want to remove this incentive which helped build the technology boom here? Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation.
- From a personal perspective, they have helped provide financial security to employees within this company. When retirement savings are difficult to accumulate in this economy, stock options help to close the gap. This is one of the primary reasons I joined the Cisco team.
- Stock options motivate the workforce and provide an incentive to help our company produce the best products and deliver the best service over our global competitors.

Do not expense the options because they do not use company assets. Also, the true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. A very backward way of thinking for a traditionally forward thinking Country!!

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