Message

From: George Chrisis (gchrisis) [gchrisis@cisco.com]

Sent: Tuesday, April 20, 2004 12:21 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am writing to urge you not to expense stock options, especially at an unrealistically high valuation.

Stock options have motivated and helped me personally. Stock options were the key component in my choosing Cisco Systems as the company I wished to work for and allows for all employees to strive for innovation within the company. I feel if stock options are expensed or eliminated, the US will loose a huge competitive advantage in the world market.

The stock option program first, makes me act like an owner of the company I am working for. This means I feel directly responsible for how the stock is performing that directly effects myself and all shareholders. My options also help me in saving for the high cost of college tuition for my children. This will be the primary use of my options in the future which in turn make me more productive to keep the options above water. I feel if the options are expensed the company will no longer issue them and will hurt me and my family in the future.

I also have many options that are below water since the crash of 2000. I don't know if they will ever come above water again and with the volatility of the market place I don't understand how these options can be truly expensed. Two reasons are listed below.

• 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.

Again, I urge you not to require expensing of stock options.

I thank you in advance,
George Chrisis

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