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From: Audra Bauer [aubauer@cisco.com]
Sent: Monday, April 19, 2004 8:01 PM
To: Director - FASB
Cc: aubauer@cisco.com
Subject: File Reference No. 1102-100

Chairman Robert H. Herz:

This letter is to address the proposed draft plan to expense stock options.

As a six year employee of Cisco Systems, Inc. in the United States, I gain great pride when I receive a stock option grant from Cisco Systems. I have worked at Cisco during the boom, and I have worked for Cisco while we recover from the crash of 2000. I have grants in my portfolio with both high and low values.

If the FASB approves this plan to expense stock options, I will never have the opportunity to use my stock. This proposal will force companies like Cisco to expense stock options at an unrealistically high valuation. I have used my stock grants in the past to purchase a vehicle, pay bills, and assist me with surviving in Silicon Valley. One day, I hope to use this stock to help me purchase a home.

There are many issues that the FASB has intentionally overlooked with the proposal of this bill:

- Cisco uses stock options as a tool to drive innovation, and productivity. In these trying times, it is also a tool that is used to reward employees for their exemplary performance. The artificially high valuation for a stock option required by FASB will eliminate stock options as tool used to keep employees at Cisco.
- Stock options do not use company assets, therefore they do not meet the definition of an expense.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Please reconsider your actions and think of the effect this bill will have on our fragile economy and the negative impact it will have on our American companies.

Regards,

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