

Stacey Sutay**Letter of Comment No:** 192
File Reference: 1102-100

From: Gabriel Cortes (gacortes) [gacortes@cisco.com]
Sent: Monday, April 19, 2004 5:32 PM
To: Director - FASB
Subject: To Chairman Robert H. Herz, re: File Reference No. 1102-100

Dear Chairman Herz;

I'm writing to express my concern over the expensing of stock options, especially with the currently planned methodology as it is at an unrealistically high valuation. Stock options serve as a motivator for employee excellence on many fronts: employees of companies that provide stock options strive for exceptional work in order to ensure they receive stock options; persons considering employment will migrate towards companies that provide stock options to employees and companies involved in a stock option program will have a competitive advantage over those that do not. Privately held companies will gain an unfair advantage over publicly held companies. A level playing field is necessary to balance out the employment and recruiting choices at companies in the United States. Stock options were a key motivator in my decision to join Cisco Systems and I have used my options as a down payment on a house, something that would be nearly impossible living in the Bay Area, where the price of housing is some of the highest in the United States. Additionally I have used my options to assist in building a college fund for my children. The psychological benefits of knowing that my children's college funding is taken care of cannot be put into words. I would not be able to accomplish these goals without the benefit of stock options.

I respectfully ask you to reconsider your stance and/or your methodology on expensing employee stock options.

Thank you for your time.

Regards,

Gabriel Cortes

Gabriel Cortes
Service and Support Manager
Wells Fargo Advocate
Cisco Systems, Inc.
Cell: 916-412-5931
Email: gabriel@cisco.com
AIM: gabrieltcortes
