Stacey Sutay

From: Caroline Smith [cgsmith@cisco.com]
Sent: Monday, April 19, 2004 5:23 PM
To: Director - FASB

Subject: Director - FASB File Reference No. 1102-100

Chairman Robert H. Herz Financial Accounting Standards Board (FASB)

Dear Sir:

I am writing to urge you not to require companies to expense employee stock options. If, after more due diligence, you (and FASB) feel it is the right thing to do, then please reconsider the current valuation method proposed. I believe (as do many others) that it will artificially inflate the option value and penalize successful companies. In addition, it will discourage companies from granting options at all. Why is FASB even trying to make options an expense? The true cost of options is accounted for when they are exercised - both by the company, and by the individual (who also pays taxes for the privilege).

Letter of Comment No: |8⟩ File Reference: 1102-100

I am lucky enough to work for a successful company (Cisco Systems, Inc.). I had several job offers at the time I went to work for Cisco, and I could've ended up at a company either w/out option grants or with worthless grants. One of the reasons I chose Cisco was because of the better potential for financial security for myself. Any option grant is an investment risk, but Cisco seemed a safer bet - and I was right.

Owning options makes me feel like I have a real stake in the success of my company and increases my dedication and long-term commitment. Stock option programs are also good for shareholders because employees are rewarded only if the stock value increases. In the past, my stock options have enabled me to improve my quality of life in meaningful ways (buy a house, fund my parents' 50th wedding anniversary party and my own wedding, as well as retirement planning). Though I have received many calls from headhunters over my eight years with Cisco, I have stayed with the company - in part because of stock options. It's a "win-win" situation all around.

I know this is a passionate issue. I also believe that the hi-tech companies are being made to look like the bad guys who don't want to contribute their fair share of money to Uncle Sam. As such, they are not getting a fair hearing. It's become a political issue instead of a tax issue. We as citizens are so worried about more corporate corruption that we won't hear of anything that remotely hints of favored tax treatment regardless of how accurate the accusation is.

As a tax paying individual, I would appreciate consideration of my opinion. Your decision will directly impact my future financial success.

Thank you. If I can provide any more insight into my feelings on this matter, feel free to contact me.

Regards, Caroline Smith Executive Administrative Assistant Cisco Systems, Inc. 703-484-5507 cgsmith@cisco.com