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Letter of Comment No: 5376  
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**From:** Gigi Luke [gluke@cisco.com]  
**Sent:** Friday, June 25, 2004 11:53 AM  
**To:** Director - FASB  
**Subject:** Stock Option Expensing - File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am an employee at Cisco Systems, Inc. in San Jose and wanted to let you know my thoughts on the stock option expensing issue. First, stock options are part of the culture in Silicon Valley. When I joined the company, I agreed to a lower income level because I knew that I could own a part of the company and benefit from my hard work through the increased value of the company over time. We work extremely hard at Cisco, in fact, we say that every year at Cisco is equivalent to one "dog" year - meaning seven human years. It is a place where people work long hours and at an extremely fast pace and do it willingly because they know that they will reap the benefits if the company does well. This is what drives high levels of productivity and innovation necessary for our economy. Stock options enable people like me to live in Northern California and own property where the cost of living is so high. This is not just a financial and corporate issue - we are talking about impacting people and their lives. If we require companies to expense stock options, I fear that they will turn to less expensive resources in other countries thus reducing the number of jobs in our own country. How can that be good for America?

Please do not require companies to expense stock options. It is a terrible policy for the tech industry and the 14 million American employees who rely on options, for the economy and even for investors who will be faced with unreliable financial statements.

Regards,

Gigi Luke

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