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**Letter of Comment No: 326**  
**File Reference: 1102-100**

**From:** Terri Bozzuto [tbozzuto@cisco.com]  
**Sent:** Tuesday, April 20, 2004 4:21 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

To: Chairman Robert H. Herz

Mr. Chairman,

I am a Silicon Valley employee currently working at Cisco Systems. I wanted to send you a note to ask you to reconsider the expensing of employee stock options. Expensing options will have a dramatic impact on the stock programs offered by Cisco and many other high tech companies. The stock program offered by Cisco was a major factor in my decision to work here. Without the Cisco stock program, I would never have been able to afford to purchase a home in the bay area. I rented for 15 years prior to purchasing. Without the stock program, I would have had to move out of the area by now. I would not have been able to continue to live here due to the high cost of housing.

Aside from my personal benefits, I think expensing options would be a detriment to our industry as a whole. Employees will be less motivated if their success is not tied to the success of the company. I am concerned that innovation, and creativity will decrease. Employees will be much more inclined to jump from company to company to increase their salary. Loyalty and company pride will decrease. Product strength and time to market will suffer as people make more frequent moves to gain extra salary dollars.

I know that I am biased as I live in the bay area. However, it's an undeniable fact that a lot of innovation and technology advances take place in the Silicon Valley. It's also undeniable that this is one of the most expensive areas to live. If bay area employees cannot count on stock options to supplement their salaries, we will see a large exodus from the Silicon Valley. Technology and Innovation will suffer. The United States will lose ground in the global technology space.

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