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Letter of Comment No: 802
File Reference: 1102-100

From: Walid Abouhamad [wabouham@cisco.com]
Sent: Wednesday, April 21, 2004 12:21 AM
To: Director - FASB
Cc: Walid Abouhamad
Subject: File Reference No. 1102-100, expensing stock options

Dear Chairman Robert H. Herz,

I am writing this e-mail to urge you not to adopt expensing of stock options, especially using your proposed valuation method.

I believe that that your actions would be a direct hit to employees as you will be depriving us from reaping benefits of our hard work, innovation and high productivity.
With your proposed valuation method, our company will almost certainly stop issuing stock options for ordinary employees. Furthermore, companies will most likely not raise salaries either and employees are left to absorb the hit head on.

I have been working with Cisco Systems since 1999, and as a father of 2 young daughters, I was counting on ongoing stock options to pay for my children's education and help us make ends meet. Cisco Systems does not offer a pension plan, and the stock options was the alternative.

I was not fortunate enough to have joined Cisco in 1998 or earlier where I have seen my colleagues reap the benefit of stock options.
For the most part, my stock options have either been unvested or vested and underwater.

Additionally, getting stock options gives me an important stake in the company, and has been a very important motivating factor and justification for putting in long hours at work. I always told my wife that the extra hours I keep putting in at work are going to pay off when we can exercise our stock options and secure our retirement. My salary alone in todays rising costs is not enough to make ends meet.

Finally, by expensing stock options with your proposed valuation schemes, you are pulling the rug from under my family and forcing us to work additional jobs to make ends meet, instead of focusing on educating and raising our children. You are also choking the entrepreneurial spirit of this country and shifting the competetive edge and our innovations abroad, to companies that do not have to expense them, such as in China. This is so UNAMERICAN!

Sincerely,

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