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**From:** Gilberto Perez [giperez@cisco.com]  
**Sent:** Tuesday, April 20, 2004 10:22 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am writing in reference to File No. 1102-100 and the decision to treat a company's stock options as an expense. I strongly recommend that this decision not be taken. As an employee who has had the privilege of working at Cisco Systems for the past 5 years, I have felt and seen first hand the value of owning a company's stock options. As a result of it, my family and I have a better economic future to look forward to and we are extremely grateful to Cisco for this. As an employee, they have helped me become more focused and motivated and, consequently, care a lot more about the success of my company and the American economy in general. As a shareholder, I am extremely concerned about this decision due to the serious implications that it will have over our future.

I am confident that if you decide to treat a company's stock options as an expense it will do more wrong than good. My co-workers and I feel that one of the vehicles that drives us to work harder each day is the our company's stock. Even when times were hard, as they were several years ago with the downfall of internet companies, the factor that kept us motivated all along was the value of our stock options. I fear that you will see less caring employees if you decide to treat it as an expense. Furthermore, this will surely impact, in a negative way, the success our company on a global scale due to the fact that a lot of our competitors reside overseas and operate in countries that do not have such restrictions on a company's stock. And with a lot more american jobs already going overseas, in the end, this can only further negatively impact the U.S. economy.

Stock options do not meet the definition of an expense because they do not use company assets. The true cost of a stock option is dilution of earnings per share (EPS) which is already accounted for when options are exercised. I personally do not understand why we should penalize our economy this way due to the recent events with Enron and others. I beg that you reconsider your intention to decide in favor of treating stock options as an expense. I fear this decision will have a very negative effect on all our lives.

Thank you in advance for your time and consideration with this matter.

Regards,

Gilberto

Gilbert Perez  
Account Manager  
Dominican Republic

Cisco Systems, Inc.  
8200 NW 41st Street, Suite 400  
Miami, FL 33166 USA  
Direct: 305.513.5246  
Fax: 305-718-2668  
Email: giperez@cisco.com