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From: Erin Ferrick [eferrick@cisco.com]
Sent: Wednesday, April 21, 2004 4:36 PM
To: Director - FASB
Subject: Please re-consider expensing stock options

Letter of Comment No: 1364
File Reference: 1102-100

Dear Chairman Robert H. Herz,

I have been a Cisco Systems employee for three and one-half years and accumulated a number of stock options, none of which I have exercised. In fact, a large number of the options I have received will probably never get "above-water" in their 10-year life span. In the year 2000, I received 7,000 (of the total 24,000 to date) options priced between \$50 and \$57. At the end of 2001, the stock price was trading at \$18.....the stock currently trades at \$22. Would it have been fair for Cisco Systems to take on expense in the year 2000 for these stock options? I do not believe so.

Aside from the personal impact that I will feel from not receiving options on an on-going basis, the impact will be greater for the technology sector in general and will be detrimental to the American worker specifically. Cisco Systems pays its employees in the 65th percentile of similar companies, so stock options are a large portion of our compensation package. If Cisco is forced to expense options, there is no doubt in my mind, that Cisco will no longer distribute stock options to all employees. Nor will companies like Cisco all of a sudden feel compelled to give every employee a "huge" raise to retain their workers. Cisco and others will be forced to out-source more work overseas to keep the current profit margins the company works hard to maintain. Cisco employees work harder, work more efficiently so that we may potentially acquire the American dream. Every batch of options we receive may represent a special event in our future.....pay off our mortgage 5 years earlier than planned.....pay for our childrens' education.....be able to take care of an aging parent. As far as I can see, the American Dream is being extinguished by laws that say they protect investors, but in fact only inhibit growth in our economy.

So, Mr. Chairman, I respectfully ask that your committee reconsider forcing corporations to expense stock options. Thank you for taking the time out of your busy schedule to read this e-mail.

Best Regards,
Erin Ferrick
Test Development Engineer for Cisco Systems