

Len Tatore

**Letter of Comment No: 1342 -
File Reference: 1102-100**

From: Linda Waterhouse [h2ohouse@cisco.com]
Sent: Wednesday, April 21, 2004 6:49 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100: Chairman Robert H. Herz

Chairman Herz,

I am an employee of Cisco Systems. I am very distressed that the Financial Accounting Standards Board has released a draft plan stating that you intend to treat stock options as an expense. The valuation you propose would make it very difficult to continue broad-based employee stock option programs like the one we currently have at Cisco.

I am not an accountant or a lawyer, but I do read the news, and it seems that FASB's plan is meant to attack corporate malfeasance and mis-use of stock options by corporate CEOs and vice presidents. A laudable goal, but unfortunately the plan will eliminate stock options for the majority of us at Cisco who receive stock options: the thousands of individual contributors, not a handful of vice presidents. Your plan, while possibly preventing some shady dealings at a top corporate level, mostly affects the rank and file individual contributors who never were the problem.

Would it not be possible to find a way to prevent corporate malfeasance without affecting those of us in the trenches who do not abuse stock options? Must the honest majority pay for the failings of a few? Again?

I understand that there are several proposals for on the table about how stock options could be handled - please do not choose the one option that effectively removes broad-based stock options for individual contributors.

I work very long hours at Cisco, and having stock options is a motivator in the hours I spend working. If I work hard, I can participate directly in Cisco's success. If Cisco does well, so do I.

Tech companies in other countries (even China I was surprised to learn) use stock options. Competition is increasing every day - please do not take away a valuable tool in a very competitive marketplace.

Please consider a proposal that is fair to individual contributors. FASB's current plan is clearly not.

Sincerely,
Linda Waterhouse
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