

Len Tatore

From: Lisa A Bosenberg [lbosenbe@comcast.net]
Sent: Wednesday, April 21, 2004 7:40 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Chairman Robert H. Herz:

I'm writing you in response to the draft statement issued by the FASB stating that they intend to treat stock options as an expense. I urge you to reconsider this position as this will greatly affect me, an employee of Cisco Systems. As an engineer, I am compensated largely by stock options, and as a result of your actions, the stockholders of Cisco will require that this practice ends. By changing the rules, you are in effect changing the realized income to me in a negative way. I don't personally think that this is very fair at all. I'm not claiming at all to be as financially savvy as you sir, but the following reasons make it apparent to me that this is not the correct course of action:

Accounting Issues:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- 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) and is already accounted for when options are exercised.

Competition:

- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

In addition to the facts above, the real harm done here is that you will be taking money out of the pockets of hard working American citizens. We're not talking about high-paid corporate executives - which I'm sure you're going after - but the "Average Joe" that is trying to make ends meet. The American stock holder is more than aware of the practices that my company follow, and are not being misled by our balance sheet. Truthfully, there is no good reason for a company that is faithfully following the law, and being honest to its employees and stock holders of their financial position, to be penalized in this way; nor should the employees - the ones who are really going to lose - be burdened by this unnecessary position that the FASB is considering.

Thank You,

Stephen and Lisa Bosenberg
14733 Marsh View Drive
Jacksonville, FL 32250
(904) 992-0636