Letter of Comment No: 1498 File Reference: 1102-100

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Julie Kluge [jkluge@cisco.com]

From:

Thursday, April 22, 2004 11:05 AM

Sent: To:

Director - FASB

Cc: Subject: Mark Chandler; 'Julie Kluge' File Reference No. 1102-100

Importance: High

Chairman Robert H. Herz:

I am writing to express my sincere concern and disappointment about FASB's intention to treat employee stock options as an expense.

I am an employee of Cisco Systems, Inc. and have been for a little over 3 years. Among the many things that drew me to Cisco was the ability to "earn" stock options on a continuous, periodic basis over the course of my employment. For me, such stock options were and still are an investment in my and my family's future. My stock options have allowed my family and I to pay off debt that would have otherwise taken us many many years to reduce and they are going to help us put an addition on to our home that we would not otherwise have the money to finance. Employee stock options allow employees piece of mind and security because they provide a potential cushion that would otherwise only be there if the employee were able to contribute regularly to a saving plan.

We all work very hard everyday to try to make Cisco a success and we deserve to share directly in such success when possible. If stock options are not a part of compensation, especially at a bell-weather technology company like Cisco, motivation and, consequently innovation, would like suffer greatly.

Please reconsider your intention with regard to the treatment of employee stock options in light of the potential negative effects it will have on employees like myself and companies like Cisco. The American economy and our ability to compete globally cannot afford it. We should not rub salt in an open wound.

Thank you in advance for your time and consideration, Julie Kluge

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