Stacey Sutay

Letter of Comment No: 194 File Reference: 1102-100

From: Julio Sanchez (jusanche) [jusanche@cisco.com]

Sent: Monday, April 19, 2004 5:37 PM

To: Director - FASB

Subject: File Reference No. 1102-100

To: Chairman Robert H. Herz

From: Julio Sanchez, 6910 Bottle Brush Drive, Miami Lakes, FL 33014-2614

RE: File Reference No. 1102-100

Dear Chairman Herz.

I am an Account Manager (sales) working for Cisco Systems, Inc. in South Florida. I have worked for Cisco for the past 6 years and have been benefiting from the distribution of employee stock options during my employment. I plan to use the proceeds from my options to pay for my children's college education. However, last month, the Financial Accounting Standards Board released a draft plan stating that they intend to treat stock options as an expense. The valuation you propose would make it very difficult for companies such as Cisco to continue broad-based employee stock option programs.

As a U.S. based Cisco Systems employee, I urge you to not to expense stock options, especially at an unrealistically high valuation. Employee stock options make me feel like I have a stake in the success of the company, and they motivate me to work harder. I believe that if companies are forced to expense all employee stock options, my company will no longer be able to grant them to the majority of employees. This would negatively impact morale, productivity and innovation.

I believe that mandatory expensing of all stock options is bad accounting. The potential dilution of each investor's share of company ownership is the real cost of employee stock options. A cost that is already reflected in "diluted earnings per share" is included in company financial statements.

Broad-based stock option plans enhance productivity, increase shareholder value and benefit employees. Like many working Americans, I have personally seen the benefits of stock options to companies, employees and families. Broad-based plans should be encouraged, not eliminated.

Sincerely,

Julio Sanchez