

Letter of Comment No: 370
File Reference: 1102-100

Stacey Sutay

From: Wendy Ray [weray@cisco.com]
Sent: Monday, April 19, 2004 8:33 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100, addressed to "Chairman Robert H. Herz

Dear Chairman Robert H. Herz

Please I urge you not to change the rules and expense stock options. Stock Options have motivated me, they have helped bring up my spirits and bring me hope when everything else is looking down. Even my family closely watches the value of my stock options with anticipation and hope for the future with our mortgage and college tuition. Often we have gone without raises at least knowing we had our stock options. Stock Options have already been hit unfairly by AMT, we have seen Americans taxed on money that they never received. It's important to fully understand the consequences to decision such as this one and the impact it could have. Expensing stock options could have a dramatic negative 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'.

U.S. companies need stock options to compete with other countries for example Chinese companies use Stock Options to motivate their employees but do not expense them. We are already seeing American jobs go overseas. We need to be careful that we do not make it so difficult for US companies to compete in the global market. If we don't think this through, we will all pay in higher costs and fewer jobs. Again I urge you not to expense stock options, the true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Thank you for your consideration

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