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Letter of Comment No: 2051
File Reference: 1102-100

From: Corey Freeze [cfreeze@cisco.com]
Sent: Tuesday, April 27, 2004 3:23 PM
To: Director - FASB
Subject: File Reference No. 1102-100, Expensing of Stock Optic...

Chairman Robert H. Herz,
I am an employee of Cisco Systems in Chicago Illinois. I desire that the Financial Accounting Standards Board reconsider the draft plan to treat stock options as an expense. I have an BS degree in Finance along with an MBA. I understand both sides of the question, but feel that expensing stock options for all employees will limit America's leadership within the technology arena moving forward.

My main reasoning for this belief comes down to one word: Productivity. Students of economics understand the economies and quality of life are based on the productivity of the work force. There are various ways to increase productivity, mainly through improved tools and processes, however another way is difficult to quantify, and that is increased employee motivation. I have worked at companies that have provided a way for all employees to benefit directly from the companies success. As a result, there was a marked difference employee attitude toward their job, customer satisfaction and namely the companies success (which benefits shareholders).

Stock options are one way I am motivated to do my best and work hard for Cisco's success. I am also a shareholder of Cisco and desire what is best for all shareholders. Should Cisco be required to expense stock options, it can be assumed that fewer, if any, stock options will be granted to all Cisco employees. I am confident that shareholders will benefit from Cisco employees receiving stock options, as has been proven since Cisco became a public company in 1990.

In short, please reconsider the proposal to require the expense of stock options. Further study into the economic impact is necessary prior to implementing such action. Otherwise, hundreds of thousands of Americans will be affected due to the short term behavior of a few dishonest corporate leaders.

Sincerely,

Corey C. Freeze
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Naperville, IL 60565