

Stacey Sutay

From: Tom Ligda [tligda@cisco.com]
Sent: Monday, April 19, 2004 7:34 PM
To: Director - FASB
Subject: Stock Options Expensing

Letter of Comment No: 419
File Reference: 1102-100

Dear Mr. Herz,

On the topic of expensing stock options, I hold the minority opinion here at Cisco. I am 100% in favor of treating stock options as an expense. I don't buy the arguments that we need them to compete with foreign companies that don't need to expense them or that it does harm to American high tech leadership, innovation and job creation. There's no reason that better financial reporting would lead to any of these ills. In fact, I see it as a competitive advantage for US companies over companies in countries that don't require stock option expensing. It gives stockholders in US companies better information.

I only see good coming from improving the financial reporting that public companies are required to do. It will improve stockholders' ability to gauge a company's performance. I count myself among Cisco's stockholders and I am a stockholder of many other companies as well. I welcome improvement of all public companies' stock option expense reporting.

I'd like to describe to you my experience of stock options here at Cisco. I've been an employee since August, 2000.

I haven't exercised any of the stock options I have received from Cisco and the vast majority of my options are under water and I have never exercised any of my stock options. Personally, I don't care if the stock options program continues at Cisco or not. I used to think of it as an advantage of working at Cisco, but I don't see it that way anymore. I expected to receive something positive from my stock options by now and I definitely have not. Also, I don't see that I will receive much positive from my stock options in the future.

I know the FASB is receiving a lot of flack from Cisco that attempts to stop the process of expensing stock options. I hope my minority thoughts help the process.

Feel free to contact me with questions or clarifications.

Sincerely,
Tom Ligda