## ikon

Letter of Comment No: 728 File Reference: 1102-100

From:

Jean Reese [jdreese@cisco.com]

Sent:

Tuesday, April 20, 2004 6:43 PM

To: Director - FASB

Subject: Stock Options as Expense; File Reference No. 1102-100

April 20, 2004

Subject: Expensing Stock Options File Reference No. 1102-100

Dear Chairman Herz.

I am writing to express my deepest concern in the consideration of the Financial Accounting Standards Board (FASB) to treat stock options as an expense. I am proud to be an employee of Cisco Systems, Inc. where employee ownership is such a strong part of our corporation's culture. We truly value the input every employee has on the corporation's progress and use a broad-based employee stock options program as one mechanism to prove it.

By giving every employee a "stake" in the outcome of our efforts, we are not only incented to perform well for ourselves, but for other employees and non-employee shareholders as well. You need only look at the leadership, innovation, and productivity that have come from Cisco during practically every year of its existence to see the benefits of employee ownership to this corporation, its shareholders, and the high-tech industry itself.

I personally have only exercised options once, to help purchase a new car. While I do not count on stock options for such major life expenses, the fact that I was able to use options instead of savings means more saved for my retirement. I know of countless examples with fellow employees where they have benefited from stock options in the down payment of a new home, additional investment for child's college tuition, unexpected medical expenses, and other major expenses.

I have yet to read any legitimate reason why any plan with a high valuation of stock options as an expense is necessary. Therefore, I strongly urge you to reconsider any plan that would unduly restrict the use of such a beneficial tool to building a positive culture in a corporation.

Thank-you for your consideration, Jean Reese Customer Assurance Territory Manager Cisco Systems, Inc.

Jean Reese

Customer Assurance Territory Manager

Cisco Systems, Inc. Office: 703-484-5117 Mobile: 703-338-4001 Pager: 800-365-4578

http://wwwin-tools.cisco.com/cap/index.jsp