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Letter of Comment No: 1572 File Reference: 1102-100

From: Rosette Nguyen [ronguyen@cisco.com]

Sent: Thursday, April 22, 2004 5:02 PM

To: Director - FASB

Subject: File Reference No. 1102-100: Expensing stock options

Dear Chairman Herz.

I write to urge you not to expense stock options. I work for Cisco Systems and have heard that the Financial Accounting Standards Board (FASB) released a draft plan intending to treat stock options as an expense. The valuation being proposed would make it very difficult to continue broad-based employee stock option programs like the one that currently exists at Cisco.

Employee ownership has been a part of the Cisco culture since day one. Employees contribute to Cisco's success, and we should all benefit when the company is successful. Knowing that boosts motivation for many employees, including myself, to drive for innovation and productivity. I would also like to highlight some additional reasons not to expense stock options:

Accounting Issues:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which
 has driven innovation and productivity.
- Stock options do not meet the definition of an expense because they do not use company assets.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options
 are exercised.

Competition:

- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic 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'.

Your help and support in protecting broad-based employee stock option plans will be sincerely appreciated.

Rosette Nguyen