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Letter of Comment No: 1480 File Reference: 1102-100

From: Gonzale

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Sent: T

Thursday, April 22, 2004 12:50 PM

To:

Director - FASB

Cc: savestockoptions@cisco.com Subject: File Reference No. 1102-100

Chairman Robert H. Herz.

I urge them NOT to expense stock options, especially at an unrealistically high valuation.

Stock options are a significant part of my compensation package. By providing me with stock options Cisco has helped to put me in a position of company ownership. By doing so, it helps to motivate me to ensure the success of our company as a whole since it is MY company too. By hard work aimed at the success of our business I am able to reap the benefits of my efforts.

Stock options are indeed a major motivator for us in our company & a large reason many of us have joined this company. By ensuring the success of our company through our good work, we share in that success financially from the stocks options. If you were to pass legislation that forces expensing of stock options you will negatively impact all of us financially. In addition you will negatively impact productivity as well as motivation and our financial incentives. In short by expensing stock options you will harming our business as a whole. I don't really think this is what you want to happen.

Please remember, Stock options do not meet the definition of an expense because they do not use company assets and the true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Once again, I URGE YOU NOT TO EXPENSE STOCK OPTIONS.

Respectfully yours, Darrell Gonzales Manager, Eng Technical Services Work: 408-902-3740

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