Letter of Comment No: 16/7

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From: Maria Sumnicht [msumnich@cisco.com]

Sent: Thursday, April 22, 2004 2:40 PM

To: Director - FASB

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

Dear Chairman Robert H. Herz,

Please do not pass or support legislation that will force innovative companies such as Cisco Systems to expense stock options that have been distributed to their employees through a company stock option plan. I truly believe that the government should not be passing legislation which will force corporations to eliminate their employee stock option plans to non-executive employees. The legislation proposed will force companies to only offer stock option plans to their executives leaving out the rest of the companies work force.

I have been with Cisco Systems for 5 years and one of the key reasons I came to work for Cisco was because they offer a broad-based employee stock purchase plan. Everyone from the mail room workers to the engineering lab technicians share in the success of the company. The proposed FASB plan as it is written today would still benefit employees at the executive level but all other "non-executive" employees would be cut from their company stock option plans. This does not make any sense! I know the government feels that they need to take action as a result of the Enron, and World Com scandals but the government is way off base on this one! The plan is NOT addressing the actual problem where the corruption occurred in these companies. Instead you are hurting the regular non-executive employees. These employees are the individuals who drive innovation and productivity within their companies. You will be taking away "the" best benefit any company could offer its regular non-executive employees! The corruption that occurred at Enron and WorldCom was at the executive level. Yet the FASB plan would still benefit executives and harm non-executive employees.

I have used my stock option plan shares to help pay for my children's education. By passing legislation that will result in the termination of my participation in the company stock option program, the government would be creating a hardship for my family that I believe will jeopardize my children's educational future. If this legislation, for some unfortunate reason passes, I will be taking my voice to the voting polls against all those who supported this "half-baked", poorly conceived plan.

Along with my personal views regarding the FASB plan there are also common sense logistical reasons as to why this plan is riddled with gaping holes!

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 in US companies.
- 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'.

Please "do" the right thing and "do not" support the FASB plan. Thank you for your attention to this letter.

Maria Sumnicht
Tax-Payer and Voter

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