Letter of Comment No: 1474 File Reference: 1102-100

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From: Tom Flaherty [tflahert@cisco.com]

Sent: Thursday, April 22, 2004 12:35 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz.

I am writing you this message to encourage you and the Financial Accounting Standards Board, not to move forward with your plans to begin treating stock options as a corporate expense.

Being able to participate in employee stock option and stock purchase programs available to employees companies like Cisco Systems, bring a tremendous sense of pride, ownership, motivation, and reward. They also have the ability to change a family's history forever.

I have been employed by Cisco Systems for nearly 7 years and have been fortunate enough to participate in the company's profit sharing / stock option plans throughout my tenure. In January of 2003, my wife and I were told by doctors that we would be unable to conceive children. We'd been waiting and planning for the right time to start a family. After 4 years of working with medical professionals without success, receiving this news devastating to my wife and me. Our hopes to of starting a family were fading and fading fast.

It was at that time, that time that my wife and I began exploring the option of International Adoption.

After many hours or research and interviews, my wife and I decided to proceed with an international adoption through the Republic of Kazakhstan.

Not only was this a procedurally intense process, it was also a tremendous financial burden. The total cost of the adoption nearly \$45,000. The only reason

that my wife and I were able to consider this route to starting a family, was the fact that Cisco Systems rewarded their employees for their efforts with stock options.

I was able to cover 80% of the adoptive expenses by exercising the option shares granted to me when I started with Cisco Systems in 1997.

This program and these options not only changed my wife's and my life, but enabled us to give a child, orphaned halfway around the world, spending all but 4 days of the first 14 months of his life, the opportunity for a better life; to be properly cared for, educated, and loved the way all children should.

This is just one of the many stories of how much of an impact stock options can have, and the positive affects they can have on peoples lives.

Thank you for your careful consideration of this very important issue.

Thomas J. Flaherty

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