

ikon**Letter of Comment No: 5232 -
File Reference: 1102-100**

From: George Bouchaya [bouchaya@cisco.com]
Sent: Wednesday, June 23, 2004 6:02 PM
To: Director - FASB
Subject: Stock option valuation issue

Dear Chairman Robert H. Herz,

As a high tech employee, it concerns me and my colleagues a great deal to see innovation, entrepreneurial motivation, and world class productivity become things of the past, because of the FASB policy on stock option valuation.

I have been able to afford a piece of the American dream because of stock options I received over the last 25 years in the high tech industry.

My kids are much better off than when I was growing up, and the community around us is in much better shape than other communities with employers that have no stock options.

Further, from a business perspective:

- 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.
- 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'.

I hope you reconsider your decision on the stock option valuation, and don't change something that has been the engine for growth and innovation in the U.S.A.

Regards,
George

George Bouchaya
Cisco Systems Inc,
Sr. Manager of Operations
Wireless Networking Business Unit
121 Theory Drive
Irvine, CA 92612
949-823-1401 office
949-291-9845 cell
949-509-6415 fax

6/24/2004