Stacey Sutay

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

From: Borella, Gary [gborella@cisco.com]

Sent: Monday, April 19, 2004 6:27 PM

To: Director - FASB

Cc: 'savestockoptions@cisco.com'

Subject: File Reference No. 1102-100 - DO NOT EXPENSE STOCK OPTIONS!!

Dear Chairman Robert H. Herz.

This is a direct personal request for your consideration and the board to NOT expense stock options for corporate businesses. The US Government is infringing too much on US Corporate Businesses. The result of such actions with the stock option decision will hurt US Employees, Businesses and the Economy.

Personally, stock option have benefited me and my family in more ways then the government will appreciate. It has allowed me to purchase a home, pay for infertility treatments to have a family and give back to the community.

Outlined below are other considerations:

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 needs 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'.

Sincerely, Gary J. Borella

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