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Letter of Comment No: 624
File Reference: 1102-100

From: Joseph Falcone (jfalcone) [jfalcone@cisco.com]
Sent: Tuesday, April 20, 2004 11:27 AM
To: Director - FASB
Cc: savestockoptions@cisco.com; depowell@cisco.com; chambers@cisco.com
Subject: The benefit of stock options / File Reference No. 1102-100

Hello Mr. Herz,

Thank you for taking the time out of your day to read this email, I am sure you are quite busy these days.

I would like to take this opportunity to give you a brief explanation of how stock options have improved the quality of life for my family and why it would be a mistake to start expensing them.

The high tech industry is unique in many ways; one way is that many employees get a stake in the company they work for through stock options. In most industries an employee at my level (lower than Director level) would never get stock options, generally speaking the "higher ups" get tons of options and the "worker bees" don't get any.

I am fortunate to be employed by Cisco Systems, Inc. At Cisco, everyone has a stake in the company through stock options. In my case, stock options have been responsible for several monumental improvements in my life due to the stock options that I have received.

The three that are most important are:

1. Home ownership. With the proceeds from my stock options I was able to buy a home in the Boston area (which is not easy to do), I was the first person in my family to own a home.
2. Stay at home mother. The financial stability my family has gained with stock options allow my wife to stay home with our children.
3. Education for my children. I have already been able to begin saving money for my children's education.

You can see how important stock options have been to my family. We now own a home, have a stay home mom and are saving for my children's education.

The expensing of stock options would make it impossible for companies to have a broad based stock option plan; this would have a devastating affect on the high tech industry and the economy at large. People who have a sense of ownership will always be more productive than those who have no stake in the company they work for.

Stock options have been used for many years as a tool for rewarding those that innovate, take risks and create new industries. We need to keep this avenue to the "American Dream" open for people like me..... I really feel like have lived the "American Dream" and stock options have played an important role....

Thank you for your time,

Joe Falcone