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Letter of Comment No: 2072 File Reference: 1102-100

From:

Yvonne Di Salvo [ydisalvo@cisco.com] Wednesday, April 28, 2004 4:59 PM

Sent:

To: Director - FASB

Subject: Stock Option Expensing

Dear Chairman Robert H. Herz,

Re: File Reference No. 1102-100

I'm writing you to ask you to please reconsider your position on expensing stock options. I have worked both in retail and high technology companies and have benefited greatly from stock options. The changes you are suggesting are putting those benefits at risk.

I worked at Gap, Inc. for 17 years and during many of them the company provided me annual stock options as part of my annual reward package. From the moment I started collecting stock options I started thinking of the company and the work I did differently. I thought more like a shareholder and approached my work as an owner and not just an employee. I felt a strong connection and pride in the company and I worked hard to make sure whatever I did made a difference to me and the other "owners" of the company. It also increased my loyalty to the company as indicated by my long length of service.

However, not only did it improve my attitude towards the company and how I approached my work, I also was able to achieve financial goals I would not have been able to achieve otherwise such as home ownership. My family middle-class and buying a home would not have been possible without stock options. Owning a home means I can afford my family security now and in preparation for retirement.

Currently I work for Cisco Systems, Inc. and am also collecting annual stock options and am experiencing the same benefits as I did with Gap, Inc. Day in and day out I do a better job because the contribution I make benefits the company I own.

Lastly, if you move forward with your current recommendation to expense stock option it would have a negative impact on our ability to compete in this global economy and place more strain on already fragile US jobs. It's hard enough to get by day in and day out, but to also be burdened with this additional threat is overwhelming.

I implore you to reconsider. I sympathize with and support your goal in ensuring US corporations act with honesty and integrity and disclose all financial impacts accurately. However, what you propose with expensing stock options using the Black-Scholes method is wrong. It is inaccurate and misleading. It only hurts the people you are trying to help.

Thank you for allowing me to share my story.

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