

Stacey Sutay

From: Edward 'Ed' A. Smith [edsmith@cisco.com]
Sent: Monday, April 19, 2004 8:15 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100 - Chairman Robert H. Hertz

Dear Mr. Chairman Hertz,

Do not expense stock options.

Enron was a terrible blow to thousands of innocent people, some of whom may never recover either financially or emotionally. However, the Enron corporate excesses were not the result of employee performance based stock options. Black-Scholes will not resolve future Enron-like problems. It will not solve the underlying lack of ethics.

It **will** punish thousands more innocent people by depriving them of a significant long term benefit.

Employee base stock options are what companies use to reward individuals, who uncomplainingly, take on the extra burden of long hours required of high technology companies to quickly drive quality innovation into a competitive global market. Each individual working as a member of a team contributes to the overall good of the company. This benefit is also what helps transform a job into a career.

Personally, this one benefit over the years has enabled me to provide my family a standard of living and my children with educational opportunities not normally associated with someone of my background. And, while base salaries have been stagnant over the past years, employee stock options, based on performance, have continued.

Also, when executing these options I and my co-workers pay higher payroll taxes supporting local, state, and federal governments. While I may have generally complained about high payroll taxes, I have never complained about paying the increased income taxes associated with exercising options. It's the price of the benefit.

It is this one benefit that will enable my wife and I to amass the assets needed to some day retire without being overly dependent on a questionable social security system and a laughable senior drug benefit. Our aspirations are for the basic life essentials a roof over our heads, food on our plates, clothes on our backs, medical attention as required, and presents for the grandchildren.

I implore you, do not scuttle the plans of my wife and I, and thousands like us, for the remainder of our lives.

Do not expense stock options.

Thank you for your time.
Edward A. Smith US Veteran, Vietnam War
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P. S.

For the record, I will not support any candidate, for any office, that actively, or by inaction, supports this effort to expense employee performance stock options.

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