

ikon**Letter of Comment No:663**
File Reference: 1102-100

From: Barbara Siordia [bsiordia@cisco.com]
Sent: Tuesday, April 20, 2004 12:51 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

As a stockholder in a major U.S. company, I urge you not to expense stock options, especially at an unrealistically high valuation. I've worked at my current company going on 9 years. The company not only allocates stock to me every year but I also have the option to purchase my company's stock at a reduced rate. If it wasn't for these stock options, I would never be able to afford living in this area where the majority of the jobs are to be found. I live in a modest home an hour away from where I work because I can't afford to live closer. With the prices of houses and gasoline escalating, my stock allocations are what keeps me afloat from year to year.

My company has a wonderful benefits package, in addition to the yearly stock allocation. As an employee, I want my company to succeed. In order for the company to succeed in the market, as an employee I need to make sure I produce as much as possible. The stock benefit is one good example of what keeps me motivated. When I do well for the company, the company will reward me with stock and other financial rewards.

Below are additional comments in summary:

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 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'.

Please think long and hard before making your final decision. Take into consideration all the families you will be impacting in a negative way.

Kind regards,
Barbara Siordia
Cisco Systems, Inc.

4/20/2004