Letter of Comment No: 2091 -

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From: Michael Davis [mcdavis@cisco.com]

Sent: Thursday, April 29, 2004 3:20 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing to ask you NOT to expense stock options. Please consider the drastic impact that the expensing of stock options will have on the millions of people working in this country who receive stock options as a motivational incentive.

I am not going to address all of the reasons for why expensing stock options does not make sense, such as the fact that there is no way to accurately put a value on a stock option, and it directly conflicts with other rules that prohibit companies from expensing events that have not actually occurred.

As far as my own experience is concerned, I feel that using stock options as a work incentive helps to motivate me beyond what I might normally feel is my full potential. I have a sense that the work that I do personally will positively affect the bottom line of the company, and in turn, will help me out as well. I feel that the quality of work and the quality of our products are also affected by this extra motivation and incentive that we have. I believe that the expensing of broad based stock options would directly impact the products and productivity of many of Americas largest corporations.

It may seem like expensing stock options is the right thing to do for the benefit of investors, however, I would argue that mandating this completely inaccurate accounting practice will do the investors a dis-service. This is due to the fact that expensing stock options would dramatically reduce, if not eliminate, the practice of giving options broad-based to employees. If this happens, there will be a change in employee moral, a lack of enthusiasm, feelings of dissatisfaction and less of a drive to innovate and make a positive influence in the company. In turn, corporate performance will suffer and investors will be disappointed in the companies that once had such a strong influence in the economy of the country and globally as well.

Thank you for listening to my opinion.

Michael C. Davis