Letter of Comment No: 751 File Reference: 1102-100

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From: Michael James [mljames@cisco.com]
Sent: Tuesday, April 20, 2004 7:42 PM

To: Director - FASB
Subject: Stock Option expensing

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To: Chairman Robert H. Herz

Dear Mr. Chairman,

I am writing as a concerned citizen and as a worker in the U.S. high-tech industry. I am a Software Engineer working for Cisco Systems, where I simulate and test microchips before they are fabricated. My work is part of Cisco's ongoing Research and Development to help drive innovation in the internet world.

I am asking you to consider not treating stock options as expenses. It is part of my American Dream.

My family comes from a blue collar and military background. A family where 1 in 9 kids went to college (my parents' generation) to having 3 in 4 kids complete college (myself and my siblings). We either told to work, or join the military to get a good life. But I went to college and have an actual career. My siblings recognized that, and followed my example. The one sibling who didn't, joined the Army, but wants college after his service is done. Becoming "rich" was never in the realm of possible thought for us. The lottery and other similar daydreams seemed to be the only ways for that.

Not so, after college. I joined a company that issues stock options and my parents are now very excited. It's better than the lottery now, since they never conceived of anything else before. I need only work and hope the economy and this line of business continues to do well and my options will be worth a significant amount someday. But instead of the l in a million chance of the lottery, I think that it's now a 1 in 10 chance that I could retire soon (before my parents). On the other hand, I feel it's 50-50 that those options can still do something for me, like pay for my children's college educations. I'll take those odds.

I haven't cashed in my options yet, partly because I joined the company during the stock market slide (I'm still a relatively young worker). I'm waiting so that I can have something significant. The chance is still present, there is optimism among my work peers.

The options keep us here, they brought us here. I feel like I have an ace up my sleeve, an advantage for my future. I trade long hours at work to get my product working for the hope that the shares will be there down the road.

Don't take the road away, please.

Pick a model that's accurate, at least. I haven't optioned my shares yet, why should they be expensed now? What if I never option them? Some of my shares are under water and I'm not going to lose money over them... but why punish the company for that? You do so, and you take away those options. You take away my parents' dream that I won't have to work till I'm 70 to pay off the mortgage, as they are doing.

I have a chance to be "rich." Not wealthy, but not working into retirement, either. It's stock options that'll get me there. Cisco is a

very well run company, and the chances are good.

Let me have the chance, there's very little other choice for me, a normal person, to gain any such type of financial security down the road.

Thanks for your time,
-mike
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