

Len Tatore

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From: Keith McManigal [kmcmanig@cisco.com]
Sent: Thursday, April 22, 2004 5:16 PM
To: Director - FASB
Cc: 'savestockoptions@cisco.com'
Subject: File Reference No. 1102-100

Chairman Robert H. Herz:

I am writing this to you letting you know that I am against expensing stock options and I urge FASB not to pass rules that force companies to expense stock options. My company, Cisco Systems, give stock options to all employees from senior management down to individual contributors.

Stock options are a great way to motivate employees and to show them they are owners of the company. Like owning a house, we take pride in our company and make decisions that will benefit the company not just what is best for me or my group. Because we our owners, we go the "extra mile" for our customers. Our customer appreciate this and purchase more goods and services from our company and revenue grows. As revenue and profits grow, shareholders are rewarded.

I have been fortunate enough to have some stock options that I cashed in a few years ago. I paid lots of federal income tax when I sold my options. I was able to take this money and purchase some land where I built a house. If not for Cisco's stock option plan, I would never have been able to build this house. By building this house I put money into the economy which generated construction jobs in a depressed area of my state, Wenatchee Washington.

I am also concerned about how elimination of stock options will stifle innovation and productivity. Stock options reward individuals for the achievements. Without stock options, how will these people be rewarded? America needs to stay at the front of the technology innovation curve and not fall behind like we have in so many other industries. Stock options are a tool to drive innovation.

I believe that expensing options will have a negative impact on the economy as well. Just as the economy is pulling out of a long down-turn and people are ready to spend money, you are taking away stock options so that we lose some of the incentive to act as an owner.

I urge you not the expense stock options.

Keith McManigal