Letter of Comment No: 354 File Reference: 1102-100

## Stacey Sutay

From: Peter Wood (pewood) [pewood@cisco.com]

Sent: Monday, April 19, 2004 8:57 PM

To: Director - FASB

Cc: savestockoptions@cisco.com; 'Tom Kelly'

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz.

I am currently on Military Leave from Cisco Systems in support of the Global War On Terrorism.

While my military duties do not allow me much time to research all of the details of the current Stock Option debate, I do have strong feelings in support of Cisco's current position opposing the expensing of stock options.

Some of those feelings stem from my current contact with people from several high tech companies and how their companies have been dealing with the issue. I have a friend who works at Microsoft. He reports since Microsoft decided to quit offering Stock Options and only offer small shares of stock, the incentive to do the hard work that made Microsoft what it is has just about disappeared. Rather than a company of highly motivated individuals who would work as many hours as it took to get their products out, they are now 9 to 5ers who rely mostly on their Microsoft salary (which has never been that high since the employees were rewarded with Stock Options). No more motivated Microsoft Millionaires.

I find it hard to believe that "Wall Street" analysts don't take the value of the company and the impact of stock options into consideration already when they conduct their analysis to determine the value of companies. It is really not necessary for the company to "Expense" the options, it won't really make the difference proponents of expensing proclaim.

I will be released from Active Duty a year from now and I am anxious to return to Cisco as a hard charging energized employee. The government has no program like stock options and I can see first hand how poorly motivated most government employees are. Its "out the door at four" for most Department of the Army civilians. It is a very stark contrast to the people I work with at Cisco who are willing to work all hours to ensure that their job is completed. A big reason for that motivation is the possibility of getting financial rewards is there. The Cisco team is highly motivated and stock options are an important part of that. If the company is forced to stop issuing stock options I will be forced to possibly consider other courses of action than returning to Cisco when I return to the civilian sector.

It is my sincere opinion that this issue has become a red herring to the public to feel that the government is dealing with Enron etc. I will be crushed if I ever find out different, but I have incredible respect for Cisco CEO John Chambers. He is an inspirational leader and I feel that his passion against expensing stock options speaks for itself.

Thank you for taking the time to read my letter.

I can be reached at 205-795-1652 if you would like to further discuss this with me.

Sincerely,

Peter D. Wood LTC, SC Assistant G-6, 81st Regional Readiness Command

and

Cisco employee