## Len Tatore

Letter of Comment No: |34| File Reference: 1102-100

From: Michael Thompson (mithomps) [mithomps@cisco.com]

Sent: Wednesday, April 21, 2004 6:44 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

Stock options are the most important element of my compensation. I view them as an important motivator and the means to participate in my company's success or challenges. I work for Cisco and believe stock options are a basic foundation of our culture. They drive employees to be frugal and help to promote teamwork across the company. Stock options are a key tool which has driven innovation and productivity at Cisco.

I do believe companies should be held accountable to their employees and shareholders. Stock options distributed to all employees accomplish this goal. I do NOT agree with expensing stock options as the artificially high valuation for a stock option required by FASB will eliminate stock options for most of the company. Stock options do not meet the definition of an expense because they do not use company assets.

I am very concerned with U.S. jobs moving to other countries including India and China. U.S. companies need stock options to compete with other countries on a global basis. 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.

Please make sure that FASB efforts to make companies more transparent do not undermine employee motivation, and reduce U.S. jobs and innovation. Broad based Stock Options are a key component to America's leadership in High Tech.

Sincerely,

Michael Thompson

Michael Thompson, CCIE 1279 Regional Manager, Verizon Cisco Systems 500 Beaver Brook Road Boxborough, MA 01719 Office: 978 936-0308 Mobile: 978-270-2483

