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From: Larry Bisel [lbisel@cisco.com]
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To: Director - FASB
Subject: File Reference No. 1102-100

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Chairman Robert H. Herz,

I would like to comment on the proposed ruling to treat stock options as an expense. I think that would be a grave mistake.

I have been a Software Engineer for 17 years, and in that time I have worked at 5 different companies. Not only have I left several companies for better opportunities elsewhere, but I have also witnessed other employees departing while I stayed behind. I can attest that with most departures, a lot of accumulated knowledge and productivity has walked out the door with the employee in question. In a time when any employee can leave and take their 401(k) contributions with them to another company for a better opportunity, employers desperately need some mechanism to foster employee retention. In previous generations, companies had pension plans as an aid to employee retention -- but that is not the case anymore. With stock options beginning to vest in 1 year, and not being fully vested for 5 years, stock options give employees an incentive to be here in 5 years!

My experience with stock options has been a bit different than most people's. I came to Cisco in June of 2000 -- just as the bubble was bursting, even though everyone was living in denial about it at the time. So, my original stock option grant at \$68.25 will almost certainly expire underwater (the stock closed yesterday at \$22.94).

But, one of the things that makes me want to ride out this current down turn is the hope that my stock options that were granted during the down turn will eventually make my long term commitment to Cisco worthwhile.

I guess the reason that we never hear about this subject is that right now, most people are just happy to be employed. But, eventually, employment will pick up, the headhunters will come out of hibernation, and companies will need to find ways to retain their top employees. I am enjoying my work at Cisco, and (as long as I am enjoying the work) I hope to work here until I retire. But, if you take away stock options, some people will have one less incentive to remain. And with each departing employee goes a lot of productivity.

Larry Bisel
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