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Letter of Comment No: 1559
File Reference: 1102-100

From: Pat Cunningham [pacunnin@cisco.com]
Sent: Thursday, April 22, 2004 9:44 AM
To: Director - FASB
Subject: File Reference No. 1102-100 addressed to Chairman Robert H. Herz

Dear Mr Herz,

I write to urge you to not to expense stock options, especially at an unrealistically high valuation. Stock options give employees at all levels a stake in the success of our company. They encourage the hard work and entrepreneurial spirit that fuel innovation, increase productivity and boost shareholder returns.

I have personally seen the motivating effects of employee stock option programs. Owning options makes me feel like I have a real stake in the success of my company and increases my dedication and long-term commitment to my work. Stock option programs are also good for shareholders because employees are rewarded only if our company's stock value increases. In the past, my stock options have enabled me to improve my quality of life in meaningful ways. Even when my options are "underwater," I feel personally tied to the success of my company.

I hope you will reconsider your intention to treat stock options as an expense. Your leadership on this issue is greatly appreciated.

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