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Letter of Comment No: 178
File Reference: 1102-100

From: Crider, Sara [scrider@cisco.com]
Sent: Friday, April 23, 2004 5:43 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Stock Options

Dear Sir/Madam:

Please include my voice as one who objects to the new plan to treat stock options as an expense.

I am sure you have heard the arguments that the artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity; stock options do not meet the definition of an expense because they do not use company assets; and, the true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Receipt of stock options at companies like Cisco compensates and motivates employees to continue performing their jobs at the 60 or more hours per week level. Without such incentives, salary alone would not breed the loyalty and interest that ownership in the company provides.

From the point of view of a regular, salaried employee at a high-tech company, it wouldn't be worth it if we didn't get a benefit that at least had the potential to realize higher gains in the future. You may argue that companies will still be able to grant options, but the fact, is they won't do it.

Loss of options will adversely impact employee performance and ultimately the US economy. With the growing trend to move many technical jobs to cheaper "off-shore" locations, we in the US can't afford any loss in employee motivation, innovation and productivity.

regards,
SAra