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Letter of Comment No:631
File Reference: 1102-100

From: Jen Bishop [jenbisho@cisco.com]
Sent: Tuesday, April 20, 2004 10:41 AM
To: Director - FASB
Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am writing to ask that you consider NOT requiring companies to expense stock options. I know this is being done out of the back lash from debacles like Enron and MCI. However, the issues there were illegal accounting, not stock options.

As you know, the IT sector in the US is losing jobs to India. In this global market, companies are forced to look for the best labor at the cheapest price anywhere in the world. Stock options allow US employees to be more competitive on this market, because we can take a lower base pay, and get stock options. If stock options are required to be expensed, suddenly this goes away, and more jobs go over seas.

From a personal perspective, stock options are a very important part of the incentive package for me. First, they give me ownership in the company I work for, and hence more motivation. I have worked for companies where only the senior level people got stock options. I found this very de-motivating, since it creates a culture of "haves" and "have nots". The "haves" are interested only in driving up the stock price so they benefit. The "have nots" are more concerned with the job environment, since there is no benefit to the stock price. Since joining Cisco 3 ½ years ago, I have found that since everyone gets stock options, everyone is very dedicated to doing what is right for Cisco, not just for them.

Also, stock options have allowed Cisco to stay strong during this recession. Raises generally have not been given out at Cisco (or many other companies) since the recession began. That means that IT workers are losing money due to inflation every year. The hope that our stock options will make up for this has motivated us to stick it out and keep Cisco strong.

Please don't take away this benefit! Please don't expense stock options!

Thanks for listening!

Jen Bishop

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