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Letter of Comment No: 3707
File Reference: 1102-100

From: Del White [delw@cisco.com]
Sent: Thursday, June 10, 2004 2:32 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I understand the Financial Accounting Standards Board (FASB) released a draft plan stating that they intend to treat stock options as an expense and I'd like to voice my concern and opposition to this plan.

First, let me point out that I am not some executive with a big salary and a bunch of stock. I have spent my entire career in the high tech industry. I have worked for companies that did not offer stock options (employee ownership) and companies that do. The difference in attitude is amazing. Employees are not only aligned with themselves, but with other shareholders. One example is frugality...Employee ownership has a dramatic effect on frugality.

I now work for Cisco. Cisco has a philosophy of employee ownership and provides stock options to the rank and file employees. It is my understanding this will change with the proposed change by FASB. The executives will continue to get the stock, but the rank and file employees will not. I believe this will have a negative effect on Cisco and other companies that offer broad based stock programs. Below I have listed the ways stock options have helped me personally and the areas I think will be negatively effected by the proposed changes.

Personal Benefits:

Motivation - The options provided by Cisco changed my feelings about a job to being an owner. This motivated me, but also created teamwork and collaboration with other Cisco employees. This helped drive growth, focus on expenses, profitability, etc.

Recruitment - I have personally seen how stock options (employee ownership) have allowed Cisco to recruit the best and the brightest. This is a global industry and my largest competitors are not US based. This change will not effect them and give them a competitive advantage. As stated above, I'm not an executive and I don't know the full impact of this proposed change. But, I've read it could also effect the current "outsourcing" we are seeing in the US.

Why would we do anything to cause more outsourcing?

Personal impact - I have a wife and three children. Stock options provided us the down payment for our home in California. This allowed my wife to stay home and focus on our children. This has had a very positive effect on our children. Parent involvement is the key to many of the problems we are facing today (gangs, drugs, poor education). We should encourage/promote things (like stock options/employee ownership) that help make more parent involvement possible.

Alignment with shareholders - As stated above. There is no better way to align my interest with those of other shareholders than through stock options and employee ownership. My father is retired after 50+ years of running a small grocery store. I have personally seen how important investments are to the retired. I have discussed this with him and he really likes that almost everyone at Cisco is a stock holder and cares about profitability.

I urge you to not make this change. We should not be doing anything that could negatively impact an industry that can help drive our economy forward.

Thanks for your time

Del White

6/15/2004