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Letter of Comment No: 2122
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From: Ron Russell [ronruss@cisco.com]
Sent: Friday, April 30, 2004 5:05 PM
To: Stacey Sutay
Subject: Expensing broad based stock option plans

To Whom It May Concern,

I am an employee of Cisco Systems, a company that has an employee stock option program. I would like to inform you that I am against the draft released on FAS 122. If this is actually implemented then most companies that have employee stock options plan will be forced to discontinue providing this benefit for employees.

As an employee at Cisco, this plan has motivated me and the people I work with, knowing that the value of our extra effort can only help the value of the stock. When the value of the stock is enhanced all the stock holders are benefited.

It seems that nobody dealing with FAS123 takes into account that the options are something I loose if I leave the company and become absolutely worthless if the stock value goes below the strike price. How can you place a value on something like that and actually feel you have even come close to a proper estimate.

At Cisco, I am a simple engineer, not a high level manager or in the upper level of control. But because the company does good I have benefited from this stock. My peers have benefited, Cisco gives to both the manager and the lowly people. This is a bad proposal aimed at a few bad guys in other companies and not even taking into account the good that the stock option plans do for good companies.

Please think about withdrawing this draft and continue looking into some other method that can address the problem of valuing stock option plans.

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