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Letter of Comment No: 2118
File Reference: 1102-100

From: Lisa Weetman [lweetman@cisco.com]
Sent: Friday, April 30, 2004 10:19 PM
To: Director - FASB
Cc: lweetman@cisco.com
Subject: DO NOT EXPENSE STOCK OPTIONS: File Reference No. 1102-100
Importance: High

Dear Chairman Robert H. Herz,

I am writing to you to urge the Financial Accounting Standards Board (FASB) NOT to expense stock options, especially at an unrealistically high valuation. I have proudly worked for Cisco Systems, Inc. for the past 4 years. Before working for Cisco, I worked for a city environmental department and struggled to take care of my financial needs. As a single woman, I decided I wanted better financial security and began a search for a company with integrity and good benefits. I choose Cisco Systems for having a reputation for maintaining a strong sense of culture, employee empowerment and ownership, and commitment to open communication. Cisco has rewarded me for being a strong individual contributor and for giving 200% every day to this company. I have never regretted my decision to choose Cisco. Today, I know I can provide for myself and future. I no longer lay awake at night wondering about bills and my future. And my hard work is rewarded appropriately. Stock options remind me every day that Cisco values me enough to make me an invested shareholder and that my productivity and contribution to this company directly influences my future. It means doing what is right for the customer and the company is ALWAYS the best option for me, Cisco, and the customer. Honestly, I can't understand why the perfect harmony of ensuring employees are empowered and aligned with shareholder's interests does not shout out to the world as being right for business. I strongly encourage you to believe stock options make the US economy strong in so many ways. Please take the below outline of issues seriously and DO NOT risk this basic tenet of employee ownership!!

Accounting Issues:

- 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.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Competition:

- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Sincerely,
Lisa Weetman

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