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Letter of Comment No: 1197
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From: Javier Martinez [mjavier@cisco.com]
Sent: Wednesday, April 21, 2004 1:26 PM
To: Director - FASB
Subject: No to "Treat Stock Options as an Expense"

Chairman Robert H. Herz

This note is a personal plea of opposition to the Financial Accounting Standards Board (FASB) proposed plan to treat stock options as an expense. The valuation they propose would make it very difficult to continue broad-based employee stock option programs like the one we currently have at Cisco.

As an employee I benefit by stock options offered by Cisco as an investment and retirement plan for my family, which I can personally control. For this reason, this program has helped my family, my work productivity and motivation immensely.

I feel this proposal will end this wonderful program, particularly at such unrealistically high valuation. Furthermore I don't see the benefits of this proposal, 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 the dilution of earnings per share (EPS) and is already accounted for when options are exercised. I don't get it.

This proposal is really penalizing employees like myself and my family, and it will have a significant impact on employee productivity.

Please re-consider this absurd proposal,

Truly yours,

Javier Martinez
Cisco Employee in Boulder, CO