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Letter of Comment No: 367  
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**From:** Glenn Graber [ggrab@cisco.com]  
**Sent:** Tuesday, April 20, 2004 3:45 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100, addressed to "Chairman Robert H. Herz,"

Why the FASB should NOT force companies to expense stock options:

I joined Cisco Systems 18 months ago, after 20 years in the high tech industry. At past employers, stock options were not offered to all employees on a regular basis. At Cisco, all employees are given stock options at initial employment and on an ongoing basis. Though no one knows the direction that a stock will go, from experience at many other companies, this broad based employee stock options philosophy has created a company culture un-like anything else I have ever seen.

Cisco as a company is successful because all employees at a base level want to work together for the greater good of the company. Cisco is a great place to work because I can call anyone, anytime that I need assistance on any issue, regardless of who they work for. The only rules are to treat everyone, from coworkers to customers, with respect and integrity, but anyone will do anything to help a fellow employee or customer.

This philosophy doesn't exist anywhere else, and I fundamentally believe it exists at Cisco because all employees are given stock options on a regular basis so everyone is working towards the same company and personal goals.

Having been at several other high tech companies and seeing how their stock goes up and down, how can anyone predict the future value of a stock ? From the past 10 years, my experience is that most of the time, stock options are not worth much. If you can't predict the value of a stock, how can assign an expense to them ? If you can predict the future value of a stock, can you please tell me so that I can buy them now ?

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Glenn Graber  
Systems Engineer  
Storage Networking Specialist  
Phone (248) 455-1655  
Cell phone (586) 703-6907  
ggrab@cisco.com