

ikon

Letter of Comment No: 1069
File Reference: 1102-100

From: Martin Donnelly [madonnel@cisco.com]
Sent: Tuesday, April 20, 2004 11:34 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: To FASB, Chairman Robert H. Herz, – Subject Stock Options - 4/20/2004

April 20, 2004

Financial Accounting Standards Board
Chairman Robert H. Herz,

Dear Mr. Herz,

I would like to give you some feedback about stock options – from an employee’s perspective. You will no doubt receive numerous canned letters from large companies here in Silicon Valley, but you need to hear one from the heart explaining what stock options really mean to the people who do the actual work.

Silicon Valley is the envy and desire of every industrial nation on earth. Stock options are a big reason why this is so. Stock options are dreams – they are the soul of what makes Silicon Valley great. They are the promise that “if I work hard, good things will come my way”. Stock options are like a bonus savings account. You never know if they are going to be worth any significant amount of money, but you do that little extra every day to try and insure that they are. This is an amazing thing for stock holders too (I am also a stock holder of many companies) as people put in that little extra every day to increase the value of the company.

We have discussions about stock and people talk about their dreams and what they will do with the money – college for children, pay off their house, purchase a dream house, retire, etc. Stock options give the euphoric feeling similar to playing the Lotto, but a different type Lotto that if you do that little extra every day; you have odds good enough that you will get a little money from it. I have not made a fortune through stock options over the last 20 years. If fact, my options probably average less than a good annual bonus. That fact does not stop me from having the dream and working hard to make them happen. I heard this at lunch one time when we were all talking about options – “My options give me options” – I do not know who the original author is. I have an additional sentence to put in front of it – “Doing extra work gives me my options. My options give me options”.

I am a transplanted Midwesterner. I used to think that we worked a lot of hours when I lived back there. The work ethic there is good, but the hours worked there do not compare to the hours worked here. Is this “Money for nothing”? I don’t think so. The lure of getting a reward for all of the extra hard work is the motivation for doing the extra work. I don’t know anywhere in the United States or the world for that matter that has a culture of dreams that drives the work ethic like this.

Martin S. Donnelly
Cisco Systems
Letting the Magic Happen!

4/20/2004