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From: Sent: Mary Shefveland [mshefvel@cisco.com]

Monday, May 03, 2004 5:09 PM Director - FASB

To: Cc: Subject:

savestockoptions@cisco.com; machandl@cisco.com Stock Option Expensing, File Reference No. 1102-100 Letter of Comment No: 2176

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To: Chairman Robert H. Herz

I am writing on behalf of the issue now before the FASB regarding expensing stock options. I am concerned about this effort for the following reasons:

- Stock options allow for all employees -- not just those at the top -to share in the successes and failures of a company. In this way, it is an
 equalizer amongst all employees in the corporate world.
- 2. Stock options provide a critical motivator to employees. People work hard when they believe they will be rewarded and when they have ownership. As our economy faces more and more global competition, employees need to be motivated more than ever to be entrepreneurial, efficient and productive, and to work hard.
- 3. Additionally, stock options enable employers to provide a motivating pay package for employees while at the same time basing the reward on results -- employees are paid proportional to their collective performance. In other words, much of the pay package is received after it's earned unlike a more traditional pay package which is received somewhat regardless of performance.

Let me also share a more personal experience. I have had the benefit of working at Cisco and earning money through stock options. This has allowed me to help others in a way I would never have done otherwise. More specifically, it has enabled me to adopt two teenagers from a Russian orphanage as a single parent. The money I've made from Cisco stock options is allowing me to support them in my home, provide for their college (starting in 2 years) without 18 years of being able to save, and provide for the many forms of extra assistance they need to recover from their first 15 and 16 years of life. I can assure you that if I had not had some financial security as a single woman and some money saved to pay for their expenses — all earned through Cisco stock options — there is no way I would have been able to help these boys as I'm doing now.

Please use this as a real life example of the benefits stock options can provide.

Regards, Mary Shefveland