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**From:** Sandra Paek (spaek) [spaek@cisco.com]  
**Sent:** Monday, June 28, 2004 10:51 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

**Letter of Comment No: 5718**  
**File Reference: 1102-100**

**Re: File Reference No. 1102-100**

**Dear Chairman Robert H. Herz,**

I am writing this letter to urgently ask you to show your vital support for the US based employees by opposing the expensing of stock options.

As a U.S. based employee of Cisco Systems, Inc., I am a strong opponent of expensing stock options. Mandating companies to expense stock options will only force companies to reduce or worse, eliminate the use of broad-based stock options all together, which would be a terrible outcome for all U.S. based employees.

Awarding stock options is a critical element in promoting employee ownership, an important value that needs to be protected. As an employee holding stock options, I personally have a direct stake in the success of my company, which in turn affects how I view my role in the company. As a shareholder, I am in it for the long haul, through ups and downs. Without question, stock options are an important tool for recruiting, retaining, and motivating employees.

Furthermore, there are other reasons why employee stock options should not be expensed. For one thing, stock options do not impose any financial drain on a company. An employee stock option, when vested, allows the employee to pay a predetermined price to the company in exchange for the share of stock. The company is not obligated to provide to the employee any asset of the company. In this regard, the transaction between the company and the employee is unlike all other forms of employee compensation such as salary and health benefits. Therefore, stock options should not be accounted for in the same manner as other forms of employee compensation.

In summary, the broad-based stock option program empowers each employee to have a personal stake in the company and benefit from the company's success. Stock options motivate employees to make a personal commitment to the long-term vision and success of the company, which in turn fuels innovation and economic growth.

Please support the US based employees by opposing the expensing of stock options!

**Thank you.**

Sandra Paek