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Letter of Comment No:1034
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From: Wally Dixon [wdixon@cisco.com]
Sent: Tuesday, April 20, 2004 12:59 PM
To: Director - FASB
Cc: Wally Dixon
Subject: File Reference No. 1102-100

To: Chairman Robert H. Herz

Dear Mr. Herz,

I am writing to you today to express my personal opinions and concerns about the FASB's draft plan for expensing stock options.

As an employee and a first-line manager at one of the most successful corporations in the world, I can tell you without hesitation that I greatly fear the impact of the FASB's proposed rules on expensing stock options, both for my company, and for my personal well-being.

As I stated, I am a first-line manager at Cisco, and in that capacity I get to see the immediate impact of stock options on employees other than myself.

By diluting the profit of a corporation with essentially phantom figures, I believe any shareholder of any corporation that provides such incentive plans will suffer, in part due to the reduction of a company's apparent profit by adding incalculable expenses from stock option grants. That is, if companies will continue to provide stock options to employees. We have already seen several cases of high-tech companies shunning stock options to the employee base due to this pending regulation, so we know it will happen.

The probable loss of stock options as an incentive tool will hurt me personally, as it will thousands and thousands of other high-tech workers from upper management down to our secretaries, all of which are granted stock options at Cisco Systems. I and others like me have worked very hard to get to a position where we feel that we are close to being able to live the "American Dream", if you will, by doing well in our educational process and then working very hard for companies that give back to us for the effort we put in by granting stock options. It is not clear that employees in the U.S. will continue to be incented as before without stock options as an ownership vehicle. Creativity will suffer. If U.S. corporations are forced to reduce or eliminate their stock options programs, more foreign companies that are not penalized for offering such incentives will gain ground on our U.S. companies, throwing the balance of innovation into their lands. Quite possibly, my job as well as thousands of other high-tech jobs will be lost to these foreign companies, imports will increase, and the high-tech industry may well go the way of manufacturing and textiles, due to misapplied government regulation.

Let's look at why the FASB wants to change the stock options accounting in the first place. Primarily it appears to be a political response to the recent fiascos and failures in corporate America, such as Enron. I have to beg of you; however, to *not* react rashly to the mistidings of a few corporations by punishing the rest of honest society. This particular reaction is all too common in the U.S. now--penalize and restrict the majority of the citizens because of rabble-rousing or abuse by a small minority.

Mr. Chairman, I have children to feed and a retirement to plan for my wife and myself. Stock options are one of the few ways an individual can truly succeed financially, short of owning your own business. Forever, the public has cried that working for someone else gets you no where, and now that we have a vehicle for the average working American in the right company to get "somewhere" for once, the FASB wants to enact rules to undermine that American dream.

In closing, I ask you to reconsider the FASB's position on expensing stock options. Please do not let the transgressions of a few punish the rest of us. In our economy and with the fragile balance between jobs in the U.S. vs jobs elsewhere, let's not upset things to the point that high-tech goes the way of textiles and manufacturing. The

economy is suffering as it is, and the potential of losing high-paying job growth or even further losing many high-paying jobs will only serve to damage this economy even more.

Thank you for your careful and kind consideration.

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