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Letter of Comment No: 115
File Reference: 1102-100

From: Kerry Ogata [klogata@cisco.com]
Sent: Tuesday, April 20, 2004 12:34 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Chairman Robert H. Herz
Financial Accounting Standards Board
Re: File Reference No. 1102-100

Dear Chairman Herz:

I am writing to respectfully ask that the board not change the policy to treat stock options as an expense. As an employee of Cisco Systems for over five years, I have received many stock options; some I even received in the horrible period of the "tech crash" and layoffs. These options show me that Cisco values me as an employee, and they are given to me (and many other employees) to reward dedication and hard work. Unlike salaries, which Cisco cannot afford to increase for every employee every year, stock options can be used more frequently to recognize and reward employees' innovation and productivity. If the status of these options changes so that stock options are treated as an expense, Cisco will no longer be able to afford to use them as they do now. The employees will be the ones hurt the most by this decision.

Additionally, as a shareholder and owner of my company, I ask that you not change this policy. You will prohibit more employees from owning part of their company, and you will also hurt Cisco in the market by setting an artificially high value on stock options which have not yet been exercised. Also, it is my belief that employees who own part of their company work harder to make it grow and prosper. Treating stock options as an expense will have drastic negative effects on employee morale, the drive to succeed, and job satisfaction, not only at Cisco but at many other companies. The hardworking employees of these American companies deserve better!

Please do not implement this proposal and hurt thousands of the "little people" at these companies. Thank you for your time.

Sincerely,
Kerry Ogata
Technical Writer
Cisco Systems