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Letter of Comment No: 984
File Reference: 1102-100

From: Jason Miller [jasmille@cisco.com]
Sent: Tuesday, April 20, 2004 12:35 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am very concerned about a draft plan released by the FASB for expensing of stock options. I feel that this measure will greatly reduce or eliminate the broad-based employee stock program current in place at my company, Cisco Systems. I do refer to it as "my company" not as my employer because I am part owner. This is what an employee stock program does.

I have worked for only two companies (including Cisco) since graduating college in 1989. My first employer was Shell Oil Company. Shell was an innovative company who managed to pioneer many new techniques for discovering and producing oil and gas. However, it was a different culture than Cisco. It seemed like many of the innovations were completed by a few "hard charging" individuals. Most people worked their 8-4 shift then were off until the next work day. The "hard charging" few may have received a little more salary but for the most part it was only the company, Shell, that saw all the financial benefits from these individuals. There was no employee stock plans except for high level management. Although this environment can produce results, they seemed harder to obtain. You often ran into situations were told you were doing something that "wasn't your job" or that you were requesting a task from a colleague that "wasn't his job".

The culture of Cisco Systems is very different. My team here is more driven working for common goals. We know that even if we do something that is "not my job", the net benefit will help Cisco and ultimately me. This is the power of employee stock options. My team here knows if it is right for the company, it is OK. I know that if I reach out to someone in the company for assistance, I will receive it and they can count on me for assistance also. This type of attitude is what continues to keep Cisco Systems as a top technology company. Eliminating programs that foster this type of work attitude does not seem to make good business sense. My understanding is that Chinese companies are not looking to expense options. These are often the companies we compete with in our industry. I feel that the FASB draft plan may hamper Cisco Systems and the US technology industry in general from competing on a global basis.

I urge you not to expense stock options.

Sincerely,
Jason Miller
Systems Engineer - Cisco Systems