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Letter of Comment No: 4268
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From: Mike Ziegler (mziegler) [mziegler@cisco.com]
Sent: Monday, June 14, 2004 10:42 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I want to go on record as urging yourself, the FASB, and any U.S. Government Official to NOT move forward with a plan to expense stock options in the United States, especially at the unrealistically high valuation level proposed. This plan, if implemented, will have immediate negative impact on my quality of life, most specifically the level of education I provide my 3 children. From my employment at Cisco Systems, I have utilized the proceeds from stock options they've granted me to pay for private schooling for my children which my wife and I feel prerequisite to their success in life.

Further, stock options are a true differentiator in our company's culture, and a direct influence to the dedication and motivation levels our "employee owned" organization experiences. I believe that in this way, stock options directly influence the quality of products Cisco is able to introduce to the American public, and subsequently elevates the quality of life we all experience. The tremendous information resource the Internet represents to us all, along with the multitude of high speed connection technologies are just a few examples of how Cisco's culturally motivated company has impacted Americans' lives. I'm proud to be a part of this, and enjoy the ability to convert my contribution into prosperity that benefits my family. Loss of stock options will dramatically change my motivation, and my perception of the US Government that is hired by the people to serve our best interests.

I am not an accounting expert, but per the above, the elimination of Cisco's ability to provide employees stock options will have a significant negative impact on my family and I. And though not an expert, I can figure out that the artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. Further, I do not believe that stock options meet the definition of an expense because they do not use company assets, and the true cost of a stock option is dilution of earnings per share (EPS), which is already accounted for when options are exercised. Please consider that U.S. companies need stock options to compete with other countries on a global basis, and I cannot fathom why your office would move forward with a plan to expense options when Chinese companies use stock options and do not treat them as an expense. Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation.

Please consider the above as you move forward with your decision process regarding any plan to force the expensing of stock options.

In appreciation,

Mike Ziegler and Family

Mike R. Ziegler

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