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Letter of Comment No: 4235
File Reference: 1102-100

From: Paul Tranby (ptranby) [ptranby@cisco.com]
Sent: Friday, June 11, 2004 12:38 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing you to express my concerns over the potential change in the handling of stock options that is currently being evaluated by the FASB.

As a long time employee at a company that has decided to use stock options as part of their compensation package, I don't think I could over-emphasize what a positive impact this has had in my career. The feeling of ownership that we feel because of such programs as employee stock option offerings is something I had NEVER experienced before. I have worked for several large and small companies over the last 25 years but this is the only job where I've felt I was not just an employee, not just doing your job. I always take pride in my work and try hard to do it well but here I feel I am a partial owner, I feel empowered to make the company better and I take it personally when we stumble.

When I hired on I fully expected it to last no more than 4 years. I am now approaching 11 years and hope to be able to stay for many more. I should also point out that I have had other opportunities along the way, some of which paid more in salary, but none of which could equal what I have now. From a monetary perspective, yes, I have made money on some of my stock options but not all have worked out. Due to the ups and downs in the economy some of my options are below water, all the more reason to help make the company more successful.

It is a fairly well accepted fact that changing the way that stock options are expensed, especially at unrealistically and artificially high valuations will diminish the use of such programs in this country. It is also well accepted that this will further the movement of our jobs off-shore.

I myself feel I am very much in danger of losing my job to off-shore companies. Over the last year and a half the organization that I work for has started to use resources in a company in India. I now work with them on a daily basis. Just so I'm clear, I should point out that they are smart, hard working and dedicated people. They deserve to have jobs that they take pride in. The problem I have is that my friends and neighbors here in this country are also smart, hard working and dedicated. They deserve better than losing their jobs because an accounting change made the business climate so significantly different that their employer had to find a better climate.

I urge you to not expense stock options, especially at an unrealistically high valuation. There is an answer out there that doesn't have such negative effects. We just have to take time and find it.

Thank you,

Paul Tranby

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