

**Stacey Sutay**

---

Letter of Comment No: 464  
File Reference: 1102-100

**From:** Gloria Davis (glodavis) [glodavis@cisco.com]  
**Sent:** Monday, April 19, 2004 4:13 PM  
**To:** Director - FASB  
**Subject:** Please do NOT Expense Stock Options

Hello,

I am writing this message to you as I have been told that you are strongly considering having Stock Options treated and accounted for as expensed. I am imploring you NOT to do this.

I am a working mother in a good family with a husband and six children. I work both because we need for me to work - and because I like working - it is a major facet and component of my personal life. My career over the last 24 years has been great - first with NASA for 16 years then in the high tech industry for 8 years. I have a Masters degree in Computer Engineering - my focus at NASA was on Safety Critical Systems - development and testing, and on Software Reliability Analysis. While at NASA I was able to work on really great and impactful programs - and I worked with a lot of smart people. I knew the promotion process and the reward structure within the Government - a set pace that did not have much opportunity for delineation of strong performers versus "coasters." With a large family - an average-sized house with a large mortgage, and with a Type A personality, I needed and wanted more.

I have a type A personality and wanted to go to a more competitive environment to work - one in which I could strongly contribute and feel valued for the impact I had. The valuation I sought was more than cash - with six children and living in the California Bay Area - I needed a valuation system in which I could be rewarded that would help to secure my children's college and my own personal future. I knew that my personality would allow me to be competitive and to thrive - and wise companies would know that to leverage my personality, stock is the way to do so. My company and I both see this reward mechanism as win-win and perpetually motivating. I work hard, they give me stock, I stay with the influx of stock, they give me more to keep me - working hard and staying. I love my work as I am contributing, being told (via stock) that I am valued and that they want me to stay. My family is reaping benefit (next year the second goes to College, and 4 more in the pipeline).

The salaries in private industry are not much different from that of the government, but the stock options are big. It is the stock options that I receive that are a primary motivator for me - they tease that competitive nature in me, urge me to be more productive. Different from Cash Bonus which can be used for more pressing matters at any given day, Stock Options allow employees to be part owner of the company - with the knowledge that better productivity means better valuation of stock and more of it. It is a constant motivator and flag of pride.

I don't mean to sound like a complete mercenary - I have a basic competitive instinct and personal pride of ownership. I have these characteristics with me in all that I do. But I can honestly tell you that if you de-motivate my company (which happens to be Cisco) by enforcing them to expense stock options, this will have a trickle down affect on me and my colleagues and on my family. It will impact my productivity, my way of life and my family. This one act can take a highly motivational and compelling employment/productivity structure and neutralize it. This one act can have the impact of demotivating employees, companies and economies. So many of us in the San Francisco Bay Area rely as much on stock options as we do on our salaries - removing this critical component of our economy can have a strong, lasting negative effect.

Please do NOT enforce Expensing of Stock Options.

I thank you for your consideration and respect.

Sincerely,

Gloria Davis  
2700 Wasatch Drive  
Mountain View, CA 94040  
650-283-3534