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From: David Adent (dadent) [dadent@cisco.com]
Sent: Thursday, April 22, 2004 12:00 PM
To: Director - FASB
Subject: File Reference No. 1102-100

To the honorable Chairman Robert H. Herz.

I am writing to express my concern over the proposed expensing requirements for companies offering stock option grants and the impact this will have on general employees.

From what I understand of the proposed regulations, companies will be required to forecast and expense potential costs associated with stock option grants which will reduce company earnings. Today's stock option valuation methods are not reliable and generally overstate the true value. With the proposed regulations, this will result in overstated expenses and a greater reduction in corporate earnings which will have an impact on the stock market and ultimately investors.

Additionally, I believe that companies like Cisco, who provide all of their employees with stock option grants, will be forced to eliminate these programs to the broad employee population given the "forecasted expenses" will be too great for the company. This would reduce the "ownership" mentality of employees who currently receive stock option grants. This "ownership" mentality is definitely prevalent in Cisco today which is one of the main reasons why the company has been so successful and provided fantastic returns to its investors.

Lastly, my wife and I made a decision to join Cisco because they provide all employees stock option grants and we saw this as a way to help build our retirement savings and hopefully fund our kids college education. I hope you are able to find an acceptable solution to the problem you are trying to solve so that options will continue to be available my my family.

Thank you for the opportunity to provide input on the proposed expense requirements.

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