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Letter of Comment No:703

File Reference: 1102-100

From: Daniel Reule [dreule@cisco.com]

Sent: Tuesday, April 20, 2004 5:27 PM

To: Director - FASB

Subject: File Reference No. 1102-100 addressed to Chairman Robert H. Herz employee stock options

Dear Chairmen Herz,

I have been an employee of Cisco Systems Inc since 1999 and work in San Jose California. I have collected stock options- a few thousand dollars worth that are now actually "above water " meaning I can now excersize them for cash. This started last year after our company grew through the hard times. For years they were worth nothing. I feel because of the excesses of the late 90's with companies like ENRON where a few greedy executives stole from their companies that rank and file employees such as myself will lose out on any growth after years of working hard in the Silicon Valley due to pending legislation.

What would I do with the money?- Place a down payment on a home, pay off my student loan for good -reinvest in some funds for the future-just normal stuff but also things that make America great and fuel the economy.

Stock Options are all about potential-this is their strength. I work in Customer Service and I realize with every case I handle that it is an opportunity to retain a valuable customer who might buy more product when the economy starts rolling again, thus driving the stock price up. Do you see how direct of an impact this is?

I agree that expensing options can be complicated and I urge you to come up with a method-that make them more transparent to investors. I realize the public gets upset after periods of criminal abuse and wants action-but any drastic action will just hurt middle class rank and file workers if companies have to overcompensate by calculating them as a direct expense-which they are not.

Please consider the tax ramifications. California alone received a huge amount of tax revenue in the late 90's due to the sale of stock options.

With any new legislation restricting stock options excctives will continue to receive huge perks and bonuses as they always do because that is the way our system functions-it is the same with pro-athletes-entertainers-it is a free labor market and everyone including individual companies want the best and brightest to run their companies.

The brilliant and enlightened move made some time ago to allow employee participation in the success of the company is an idea -in my opinion, that got us out of the malaise of the late 70's and early 80's-do you remember those times? The recession was miserable. This country went through a quality revolution because workers and management alike realized that we work in a global economy and the work you do impacts the company directly-if you want a company to be successful it is up to all employees.

Please continue to allow rank and file employees to have an ownership stake in the companies they work for.

thanks Dan Reule

4/21/2004