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Letter of Comment No: 1614
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From: jekis [jekis@cisco.com]
Sent: Friday, April 23, 2004 9:25 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Stock Option Expensing [File Reference No. 1102-100]



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Chairman Robert H. Herz,

I am writing to you personally concerning FASB's recent ruling requiring companies to treat stock options as an expense. While I agree that clarity in public company finances is critical, I believe that this requirement will not have a positive effect.

For myself, the immediate impact of this rule, I will likely no longer receive any stock options from Cisco System, my employer. That lost income will not be made up by the company. In effect, you just gave me a significant pay cut. The repercussions of that pay cut you caused will have a long lasting effect. Without those options how do you propose I pay for my children's parochial school education? My faith is very important to me and having those options allows me to afford an education for my four children that mirror our family's beliefs. Furthermore, with the ever rising costs of college education, options are a critical portion of our families' strategy to ensure that each of my children has an opportunity to pursue their degrees.

As a shareholder, what benefit am I receiving by this rule? If Cisco had expensed its broad-based employee options in 2002 using the Black-Scholes method, they would have overstated the expense of those options by billions of dollars. How is that beneficial to any shareholder? Your other approved method of expensing, the binomial method would fare no better. Neither method is accurate, appropriate nor beneficial to anyone.

I am proud to be an owner and employee of Cisco Systems. Having stock options from Cisco is a tremendous motivator. I feel that Cisco is my company. Every action I take is geared to ethically serve my customers in order ensure that Cisco's stock appreciates and will allow me to reap the benefits of those options.

Your ruling is wrong. It will be harmful to one of the most important sectors of the US economy - Technology. Another likely outcome of this rule will be even more off-shoring of jobs to countries like India.

I ask that you immediately rescind your ruling on expensing employee stock options. Please consider what harm your actions are going to cause millions of American workers like myself. You would be well advised to consider the portion of the Hippocratic Oath that instructs a physician make a habit of two things - to help, or at least to do no harm. With this ruling, you have failed at both.

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