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Letter of Comment No: /605
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From: Lyle Speirs (lspeirs) [lspeirs@cisco.com]
Sent: Friday, April 23, 2004 10:44 AM
To: Director - FASB
Subject: Chairman Robert H. Herz -File Reference No. 1102-100

Dear Mr. Herz,
I have been in the high tech industry for almost 25 years. I have worked for companies such as Wang Laboratories, Apple Computer and Cisco Systems. I also founded and grew my own company, Black Diamond Consulting, from a start-up to a \$20M a year entity, which I later sold.

A cornerstone of the benefits I have received during my career have been stock options. When I opened the doors of my own business I understood the value of options in creating an atmosphere of employee ownership. It also enabled me to recruit talented employees who treated the company (and our customers), as their own.

I am very concerned and alarmed with the US governments current movement towards legislation which would in effect, eliminate stock options for employees. I cannot stress the negative impact this would have on hard working employee's - who in many cases - count on this benefit as a key foundation point for their future.

The following issues support my point:

Accounting Issues:

- * The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- * Stock options do not meet the definition of an expense because they do not use company assets.
- * The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Competition:

- * U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- * Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

I urge you to drop any support or movement for legislation that would result in the significant change or elimination of the current use of stock options by US corporations.

Sincerely,
James Lyle Speirs

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