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From: Douglas Hoppe [dohoppe@cisco.com]
Sent: Friday, April 23, 2004 8:09 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100 - Expensing Stock Options

Letter of Comment No: 1103
File Reference: 1102-100

Dear Mr. Robert Herz:

I am an employee of Cisco Systems and would like to comment briefly on the position to expense stock options that is being considered by FASB. As you know, Cisco Systems has an extensive stock option program that gives every employee a potential share in the company. This is a highly motivating factor for employees and I personally believe this is something that motivates a workforce to be more productive since all employees have a stake in the shareholder value of the company.

I also believe that expensing stock options does not lend transparency to the financial performance of a company, but distorts and confuses the financials to a point that they become more difficult to interpret, especially for individual investors who do not fully comprehend the stock option expenses are valued. The valuation models proposed also don't make sense as they seriously overvalue options. Companies such as Cisco, who in my opinion, are doing the right thing with stock options by distributing them throughout the employee base will be the ones that would get impacted much more heavily than those that distribute only to upper management.

My background is in the accounting profession (CPA for 20 years) and quite frankly, I am deeply disturbed by some of these directions to expense stock options. I hope that FASB grounds itself into a belief that company's need to fairly present financial performance and not recommend changes that stray from our abilities to do this.

Thank you!

Doug Hoppe
Cisco Systems