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Letter of Comment No: 1589
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From: Roger Smith (rogsmith) [rogsmith@cisco.com]
Sent: Friday, April 23, 2004 12:27 PM
To: Director - FASB
Subject: Expensing stock options

Understand FASB has released a draft plan stating the intention to treat stock options as an expense. I wanted to take few moments to express my concerns.

I am a lower level manager at Cisco. Aside from the 401K plan, stock options really represent the only significant retirement vehicle I have. It represents a rare opportunity to benefit from the success of the company I work for and provides some real \$\$ for me down the road. Let's face it, 401K doesn't offer much in accumulated savings even after many years of savings and a reasonable return on the investment. Social Security will not be there for me in its current form. Cisco stock options offer the one real means to pay for my three children's education and maybe some retirement income.

I understand the need to improve upon corporate accounting and that stock options are a concern. I think the real concern has to do with sr executive compensation and improved corporate governance.

I would suggest that the plan put in place calls for the expensing of a limited number of executive mgt stock option plans and is not applied to lower level workers. Ultimately, if a plan such as you have drafted is put in place, we can forget any opportunity I might have continuing to receive stock options as a form of compensation.

My vote, limit the accounting changes to just options issued to executive mgt, and don't ruin it for the little guy.

RMS

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