

## Stacey Sutay

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Letter of Comment No: 253  
File Reference: 1102-100

**From:** Nicole Shaw [nshaw@cisco.com]  
**Sent:** Monday, April 19, 2004 6:31 PM  
**To:** Director - FASB  
**Subject:** help save broad based employee stock option plans!

Chairman Robert H. Herz,

(re: File Reference No. 1102-100)

I am quite concerned about the recent release of FASB's draft plan outlining the intention to treat stock options as an expense. I urge you to reconsider this, and instead, focus on the benefits a broad-based employee stock option program has on the company, the employee/owner, and the US economy.

There are numerous accounting and anti-competitive issues with the idea of treating stock options as an expense. In particular, 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 and is already accounted for when options are exercised. Expensing stock options could have a dramatic impact on American innovation, job creation, employee salary equivalent and the morale of hard working people at companies like mine.

My employer, Cisco Systems, grants stock options to all full time, regular employees (reasonable factors like employee performance are taken into account). The stock options are a major incentive to each employee -- the feeling of company ownership strongly drives employee productivity, initiative, teamwork, customer service and change/growth.

There are many issues that do merit the attention and concern of FASB. Companies like Tyco and Enron have the power and money concentrated to a few, high ranking individuals. The lack of accountability is overwhelming. In the end, all Americans have paid a heavy price both financially and the deep scar to our credibility to morally, ethically, legally and appropriately conduct business. These are not examples of companies with a strong tie to their employee/owners. These are companies who became so closed and so self consumed, the focus was lost. There are many, many lessons to be learned.

Employee ownership and employee commitment to success is one lesson. Employee ownership of a company empowers each of us learn the details, ask the questions that will help us avoid missteps, support our company, our community and our families. And as a result, change the way we all work, live, play and learn.

Learn from Cisco. Broad based stock option plans are good for the employee, the company and the US.

Kind regards,  
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IT Project Manager  
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