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Letter of Comment No: 769
File Reference: 1102-100

From: Desiree L. Altemus [altemus@cisco.com]
Sent: Tuesday, April 20, 2004 9:07 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Dear Mr. Chairman,

I'm writing you to ask for your help in stopping the current push to treat stock options as an expense.

I've been an employee with Cisco Systems for almost 13 years. I've worked hard as a technical writer and have been lucky to have received stock options as part of my compensation. When my husband and I moved to San Jose in 1989, I never thought we would be able to afford a house of our own. With the benefit of Cisco stock, we now own a home in Napa Valley and have recently planted six acres of vines to some day produce some of the best cabernet sauvignon grapes our region. I have been blessed with three children. Two of them attend a private Catholic school (like my husband and I did when we were children). I work full-time from my home office and love my job. This was my dream... to live in a place where we could raise our family, work, and be part of a community that reminded us of our home towns back East.

Why have I stayed with Cisco for so long? I believe Cisco cares about their employees and sharing part of the company through stock options have motivated me to be the best employee I can be. I feel it has helped our company to keep the high performers here and has helped to drive innovation and productivity at our company. I think Cisco (and other companies) need the lure of stock options to keep us competitive with global countries. If we lose that competitive edge, it will be unfortunate. How can stock options be viewed as company assets? They are promises to employees for a better future, not company assets like hardware, furniture, and buildings. When we exercise these options, the government gets our taxes and the true cost of the stock option is dilution of earnings per share.

Please do not change this vital part of our company way of life. We need this to survive and grow. Our more recent employees have lots of stock options that aren't worth much (due to the economic downturn), so changing the way stock options are treating would be greatly disappointing. The broad-based employee stock option program we have now would allow more employees to achieve their dreams; much like I have.

Please do not expense stock options, especially at an unrealistically high valuation. I urge you to help stock this push.

Thank you.

Sincerely,

Desiree Altemus

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