

Len Tatore

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**From:** Red Leader [redleadr@employees.org]  
**Sent:** Thursday, April 22, 2004 11:32 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

**Letter of Comment No:** 1672  
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Chairman Robert H. Herz,

I work for one of the fantastic companies that has an employee stock option program. We are one of the great stories where we started in a garage and went all the way to a tens of thousands of employees. And nearly 100% of the employees have substantial options in company stock.

In this current era of strong accounting principles it is understandable why we would be concerned with the "true value" of stock options and would want to treat them as an expense. However, the fact that so many employees have stock options in a company like Cisco has driven us to the highest levels of innovation, and productivity placing us as one of the great companies of all times. Without the stock options, this would not have happened. The stock options were the driving force that took an entire company to these levels. Between 1995 and 2000 we turned Japan from a \$Many Million dollar market to well over \$1Billion. Talk about jobs, trade deficient reduction, and enhanced productivity! That is one small story in Cisco's success in these past years.

To me stock options allow us to share in the risk and helps us to work past the obstacles that come our way as a company. The results can be fantastic. But to treat stock options as a standard expense would be a major blow to highly productive companies like our own, **but even more importantly it could be a blow to the next start-up** that is on a shoe-string budget and needs their employees to go through walls for them. If we set up a less competitive environment her in the US, those next generation jobs will not be here, they will be in Japan and elsewhere where they get to claim the how their work-force broke into the US Market instead!

Please don't let us lose the innovation engine!

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