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From: Doug Miller [domiller@cisco.com]
Sent: Monday, April 26, 2004 11:42 AM
To: Director - FASB
Subject: File Reference 1102-100

Letter of Comment No: 1945
File Reference: 1102-100

Mr. Director,

I am writing to let you know that I am opposed to the Financial Accounting Standards Board's (FASB) plan to treat stock options as an expense.

The high tech industry and I personally have benefited greatly from the dispensing of stock options to all levels of employees in an organization. My employer, Cisco Systems, Inc. has built a strong company with committed workforce partially based on its intelligent, transparent and fair-minded distribution of stock options as incentives. Employees at Cisco approach their jobs as owners and know that their efforts to improve the company's performance will enhance the value of their stake in the company as well as that of millions of other shareholders. Cisco is a great example of the power of stock options. Eighty percent (80%) of the stock options distributed by the company are distributed to first/second line managers and individual contributor employees. This type of distribution would not be feasible if stock options were to be treated as an expense.

A strong example of how creating employee-owners through the distribution of stock options has benefited Cisco shareholders is that even with the recent downturn, a dollar invested in Cisco stock in January of 1995 is worth \$23.43 today. This is a phenomenal rate of return based on the company's great performance fueled by employees with a strong sense of ownership in the company. This kind of financial reward gives me a better chance to fund my retirement than my 401K plan alone.

In order for me to be successful and to provide for my family I need to keep my job. If Cisco Systems is not successful in the global market place where other competing companies do not count options as an expense they can not maintain their competitive edge. When companies can't compete, they no longer require employees such as me or at a minimum would not continue to grant stock options. Stock Options were one of the major reasons that I came to Cisco Systems in the first place. The ownership of these Stock Options has inspired me to strive for excellence. The possibility of losing the chance to get future stock options, due to artificially high valuations would seriously impact my retirement plans and lifelong goals. Americans and American high tech leadership is what has led to most of the advances in people's quality of life that we all enjoy today. Moves such as requiring companies to treat stock options as an expense would greatly reduce a company's chance at recruiting and maintain highly motivated employees. The last thing this country needs is some government imposed ruling that could do harm to our economic environment.

Our government was created to represent the people of this country and I am asking you to personally represent my wishes that the FASB not treat employee stock options as an expense, therefore allowing me and my family our shot at the "American Dream". I look forward to reviewing your position on this matter.

Thank you,
Calvin D. Miller
38 Bigelow Street
Lowell, Ma. 01852
Doug Miller
Education Specialist
RTG Training and Documentation Group
Cisco Systems