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Letter of Comment No: 1412
File Reference: 1102-100

From: Heidi West [hwest@cisco.com]
Sent: Sunday, April 25, 2004 10:56 PM
To: Director - FASB
Subject: File Reference No. 1102-100, addressed to "Chairman Robert H. Herz,"
Importance: High

Hello Chairman Robert H. Herz,

I am writing you this email to urge you to reconsider treating stock options as an expense. I have worked for Cisco for over 6 years and have counted on my stock as part of my retirement fund. I realize the stock market isn't a sure thing but I have confidence in Cisco and the ability to make an impact in our global internet economy. Of all the companies I have worked for in my career, Cisco has done a great job of offering these options as incentives and rewards for a job well done. We are a sales organization and are all driven by money - as awful as that may sound. The interesting thing about this consideration is - by valuing the stock so high - you may create a negative work environment because ultimately - morale will suffer. Cisco is filled with very aggressive and motivated people. We've earned a good living because we've worked for it. Cisco is a strong company and do what we do better than anyone in our industry. Please don't mess with success and morale. You will not only impact Cisco employees - if we fail, all of the stockholders in Cisco will suffer. Where is the benefit in that?

A couple of key points to consider:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- 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 (EPS) and is already accounted for when options are exercised.
- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

On a personal note - my options at Cisco have allowed me to invest in our local economy. I've been able to update my home (using contractors) as well as invest in my child's education. North Carolina does not have the best public school system and I am blessed to have the means to send my daughter to private school.

No one is looking for a hand out here - and we are not asking for anything special. Please leave things as they are - change in this situation is not for the better. The outcome will prove catastrophic because of all the individuals you will impact. This isn't a BIG BUSINESS issue - it is a personal issue for all of the individuals that will ultimately suffer. If you take away my future - what do I have to look forward to?

Respectfully,
Heidi West
Cisco Account Manager
Charlotte, NC

4/26/2004