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To: Director - FASB
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Chairman Robert H. Herz,
Financial Accounting Standards Board

I and my family urge you NOT to expense stock options. I find it counterproductive to American high tech leadership, innovation and job creation. The options were create for a purpose. Among other things, they motivate me to work harder and better for the company I work for. I have personal interest in my company doing well, I feel like I owe part of it. By contrast, when I worked in Canada for Nortel Networks I did not had such feelings. Employees were initially compensated for extra effort with overtime pay. Than later, the company could not afford such practice. Employees did not feel as co-owners of the company, and that did not put extra effort without being paid overtime. We all know what happen to Nortel in recent years. Canada based (specially in Toronto) Nortel engineering work force has been decimated.

My current U.S. company need stock options to compete with other countries on a global basis. How we can counter flow of jobs out of U.S. to countries which pay fraction of US salaries? Stock options is one of such innovative mechanisms helping Sillicon Valley high tech community to maintain its world leadership. I have visited companies in India and I know that despite much lower cost of work force there I still prefer to have in my team people from U.S. Why, as they have also many talented and skilled engineers? The major reason is superior motivation and commitment of Cisco employees when compared to the companies based in India. Why do you want to eliminate one of the mechanisms working for maintaining US employment? Do you want to ship more jobs of-shore?

Lastly, I would feel that my company would be penalized if stock options would be expensed. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised. Why to account twice for a single stock option?

I appreciate that FASB is trying to improve accounting standards. Such efforts serve public. But please concentrate on strengthening accounting institutions and don't mess up with high tech stock options where you have not much stake in. After all ENRON (and other) corporate scandals were not caused by innovation of high tech companies, but by criminal actions of individuals and weakness of accounting standards in companies like Anderson Consulting.

So in conclusion, I urge you NOT to expense stock options.

Best Regards

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