

**ikon****Letter of Comment No: 4264**  
**File Reference: 1102-100**

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**From:** Rob Okamoto [rokamoto@cisco.com]  
**Sent:** Monday, June 14, 2004 6:20 PM  
**To:** Director - FASB  
**Cc:** 'Rob Okamoto'  
**Subject:** File Reference No. 1102-100

**Chairman Robert H. Herz,**

I am writing to provide you a perspective on the options expensing issue/controversy. In principal, I understand the desire to provide the most relevant expense information to any company's shareholders. However, I, like my other Cisco colleagues think that we may end up throwing out the baby with the bath water. I absolutely agree that it makes sense to ensure that senior executives are acting in the best interest of shareholders, and support the legislation currently in Congress and the grass roots effort at "savestockoptions.grassroots.com."

Although I have not yet benefited from stock options granted to me by Cisco Systems Inc, the options program was one of the major factors in my pursuing a career at Cisco. It is also a integral part of our compensation package that is highly valued by each and every employee. If the current FASB recommendation is successful, my belief is that we would be doing an injustice to the notion of employee ownership. I also believe that the current valuation methods for stock options is extremely inaccurate, and would in fact be less informative to investors in companies such as Cisco Systems. Unfortunately, passing such a measure would result in eliminating stock options as part of the employee compensation package. This is very unfortunate, as I believe that as a owner in my company, I most certainly have a vested interest in the value of our stock and my contribution to its value.

I also don't agree that options should be considered an "expense" as they do not actually use company assets. I absolutely believe that investors have the information they need to understand the financial information provided by companies, especially when the company provides the options information as part of reporting earnings (which Cisco does). I understand that the cost of a stock option is a dilution in earnings per share, but believe that this is completely accounted for whenever an option is exercised.

Please don't let the actions of a few unscrupulous executives destroy the benefits of hard-working law-abiding employees. We (the US) need to be able to compete globally, and stock options is one way of achieving real competition with other emerging countries like China....especially in the high tech industry. China doesn't expense options..... Finally, I firmly believe that we need to maintain leadership in the high tech industry, and this is promoted by fair competition, innovation, job creation, and technology leadership. A broad-based stock option program within high tech companies support such a vision. Please consider my request.

regards,

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"Management is doing things right; leadership is doing the right things." ~Drucker/Bennis