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Letter of Comment No: 1105
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From: Alan Margolis (amargoli) [amargoli@cisco.com]
Sent: Wednesday, April 21, 2004 10:27 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Do Not Expense Stock Options

Dear Mr. Herz,

Having worked as at Cisco Systems as a sales Account Manager since July of 1995, I would like to voice my opposition to the proposed FASB draft requiring companies to expense stock options. I would like to share some personal perspectives concerning this issue.

The most important reason that I joined Cisco back in 1995 was because the company offered employee ownership through stock options and it was clear to me that Cisco was entering a growth phase that could have a significant positive financial impact on my family's life. Having lived through the skyrocketing growth of my company during the 1990's, stock options, without question became embedded as the number one motivator that have binded me to Cisco. Because of the continued distribution of these options and the prospect of Cisco's continued financial success, I have been dedicated to helping my company achieve its goals.

There is no doubt in my mind that employee stock options are beneficial for the U.S. economy. From my own personal experience, while my company's stock was significantly increasing in value during the second half of the 1990's decade, my feeling of financial security was growing as a result of the value of my stock options. That in turn allowed me to be more aggressive in spending (across the board) by purchasing items that I might have otherwise thought more carefully about. Examples are new golf clubs, a new computer system, taking an extra vacation, upgrading clothing wardrobes for my family, and dining out more often. In essence, upgrading my lifestyle but not in a way that my fixed overhead increased.

Having worked at Cisco 9 of the past 24 years since entering the workforce in 1980, never have I been motivated (like at Cisco) to do "whatever it takes" in order to be successful and achieve my business objectives. I know in turn this contributes to my company's success and increased value in the market. The most significant reason for this is the distribution of stock options which have given me a personal stake in my company success.

The stock option plan at Cisco has given me piece of mind. They have given me a certain feeling of entrepreneurship and the potential to build wealth that is typically available only to an individual business owner or senior corporate executive. I expect my stock options to pay for my children's college education's, and I expect my stock options to assist me significantly when I reach retirement.

In summary, the stock option plan at Cisco has greatly impacted my life for the better. As a result of that, it has positively impacted my work ethic which in turn greatly benefits my company, which turn greatly benefits all of our shareholders. I believe my sentiments can be multiplied by the thousands of my peers and constituents in my company leaving no doubt in my mind that stock options are of great benefit to employees, their families, and all shareholders of a company.

For the above reasons and many others, it is my hope that FASB does not require companies to expense stock options

Thanks,
Alan Margolis, Account Manager
Cisco Systems, Inc.