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**Letter of Comment No:** 526  
**File Reference:** 1102-100

**From:** Bill Anderson [bandersn@cisco.com]  
**Sent:** Tuesday, April 20, 2004 11:47 AM  
**To:** Director - FASB  
**Subject:** The Expensing of Stock Options

Mr. Robert H. Herz, Chairman  
Financial Accounting Standards Board (FASB)

Dear Mr. Hertz,

As an employee of one the leading technology firms - Cisco Systems -- I am writing to ask that the board reject the efforts to expense stock options at the time they are issued.

If this practice is implemented, it will not add value to stockholders, but it may actually serve the opposite purpose. The practice of issuing options to all company employees serves as a positive influence to company morale and productivity, which, in turn, is reflected by better performance and long-term advances in shareholder value.

The benefit of receiving stock options was one of the reasons that I joined Cisco Systems nearly four years ago. For much of my time here my options have been "under water" so I have had little or no equity to exercise should I choose to. Things have improved a bit lately, but I regret to report that there are no beachfront homes in my near term future.

It is also true that there are no guarantees that I will every receive any real gain from any of my stock options. Why expense the options at issuance, why not when they are exercised, and real value can be attributed to them? Another point is that many options are never exercised because of employee turn-over and other factors.

The actual value of my stock options remains to be seen; but, the options do represent a real stake in the success of the company, and a commitment from Cisco that we all have the opportunity to share in the potential successes and risks as the occur over the next few years. Stock options are part of the culture at Cisco and other similar companies, and one of the things that make great technology companies (like Cisco) even better and more competitive in the marketplace.

Thank you very much for you time.

Sincerely,

Bill Anderson

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