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Sent: Tuesday, April 20, 2004 11:54 AM
To: Director - FASB
Cc: savestockoptions@cisco.com; alllee@cisco.com
Subject: What Stock options mean to me as an owner of the company

Chairman Robert H. Herz,

I wanted to take a moment and express my thoughts as they relate to the Stock Option debate currently taking place.

Stock options that have been granted to employees provide that employee with a sense of ownership and pride that would otherwise be lost from the rank and file employee. The current environment for granting stock options affords a company like Cisco (and many others in many industries) the opportunity to share potential ownership equity with everyone. By everyone I mean from the CEO to the hourly employees. Everyone shares the dream of their hard work paying off for them and owning a piece of a company makes this dream a reality. Today's environment for distributing ownership in the form of Employee Stock options means that potential wealth is shared beyond the corporate board room. If the rules for accounting related to stock options change as considered then the wealth currently shared with every employee will be limited to a few at the top. It would mean further concentration of wealth among the top executives of a corporation and the average employee will loose out on his/her slice of the American Dream.

Companies like Cisco were built by people who shared a common desire to build the best products in the world. In many instances these bright minds turned down the higher salaries from other companies / industries and bet on the company and accepted Stock Options as a part of their compensation. These great minds have given rise to the greatest advances in technology ever seen. The work that they performed created the ability for everyone to gain access to information anytime, anyplace. It's not just about the high tech industry. Other industries have also benefited from employee ownership and have seen worker productivity increase through ingenuity that is rewarded through appreciation of the value of THEIR company.

I am one who believed in my company, who took the risk of a potential reward in the future. My long hours and dedication have been rewarded through ownership in my company, Cisco. I learned better techniques for getting the job done, I improved efficiency because I was allowed to be creative and expected to solve the problems. I joined a company with employees engaged in a common cause and together we worked to create the best. My story is not uncommon but it is personal to me. Ownership for me meant a better life for my family. It meant my wife could stay at home and raise our 3 children. It meant that financial stresses were reduced because I was able to share the wealth that I had helped create. I am proud of what I helped build and want to preserve our success and pass it on to the next generation. I have been changed forever but think of the next generation who will not be offered the same opportunity to grow. It's different if you do it because you believe and because it's yours than if you do it because you are told by your manager that it's your job.

I ask that you let us all keep the American Dream alive. Let employers and employees share in the risks and rewards associated with ownership. In many instances Stock Options will be the only way some will ever own their own business and be able to work for something other than wages.

If the FSAB executes on the expensing of stock options as proposed, there will be dire effects on a corporations bottom line. The valuations being determined are unrealistic and truly are counterintuitive to the definition of an expense. Stock options do not require the use of any corporate assets and therefore are not an expense by definition. The valuation in the market has already taken into consideration the "cost" of the stock options through the earnings per share calculation. The expensing of stock options would also put US based companies at risk of losing their leadership and competitiveness with other nations companies. Stock options are not limited to US companies and are used the world over to attract the brightest minds through their own version of the American Dream. Do we really want to lose our technological lead to other nations? Do we want to rely on technology from companies in countries that might not be our allies? Do we really understand the economic impact of these decisions?

Today's recovery in the economy is underway but all it takes is a simple shock to stall that growth and turn optimism into uncertainty. Your first concern should be to do no harm. American industry has risen to be the world leader and others are working to catch up to us. Why risk upsetting this environment?

Finally, please consider the impact to the average American worker who counts on his efforts in the company to generate wealth for his/her family. Wealth that would go only to the top management if companies are forced to restrict their stock option offerings due to changes in accounting rules.