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**From:** Moore, Greg [gmoore@cisco.com]  
**Sent:** Tuesday, April 20, 2004 9:35 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** DO NOT EXPENSE STOCK OPTIONS

To whom it may concern,

I am not an accountant and I do not understand the implications of expensing stock options from an accounting perspective. But I do understand that my employer says they'll stop issuing stock options as a form of compensation if that happens. It's not as good as it used to be when Cisco's stock was flying high, but stock options are a vitally important part of my livelihood and long-term retirement planning. And there's no question that owning those options fosters a sense of loyalty between employees and employers. I'm inclined to work harder because I have skin in the game.

I'm worried about this for a few reasons.

First, I'll have to make some fairly drastic changes in my retirement planning that, among other things, could lead to me exploring employment or other investment possibilities outside of Cisco.

Second, our ancestors sweat bullets and spilled blood for the employee rights and benefits we now enjoy. To take something like stock options away is a giant step backwards. Perhaps you're looking to repeat the labor riots of the last century. Because yes, this is worth fighting for.

Third, we're losing jobs in record numbers to over seas employers. The U.S. economy is a fragile beast in spite of its magnitude. I don't know what Allan Greenspan has to say about this but this could certainly tip the economy.

I know there is a difference of opinion in accounting circles over the way stock options should be treated. Stock options do not meet the definition of an expense because they do not use company assets. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised. Yes, I copied these last two sentences from an internal web page, but it makes sense to me. If you're going to take away my stock options, I'd at least like a reasonable explanation as to why that's a good thing. Because all I see is that you're taking money out of my pocket. I guess that's what you call a tax.

Respectfully,

Greg Moore  
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