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**Letter of Comment No: 633**  
**File Reference: 1102-100**

**From:** Mike Fisher [mifisher@cisco.com]  
**Sent:** Tuesday, April 20, 2004 10:42 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100

To Chairman Robert H. Herz,  
Hi, my name is Mike Fisher and I work for Cisco Systems in New England. This letter is in regards to the latest information regarding the expensing of stock options. I feel I have a solid stake in this topic since Cisco as a company does use options to compensate employees and this was one of the reasons I joined the company 4 years ago. Cisco's use of stock options to it's employees, and not just directors and executives is a strong driving force for the company. I personally do attribute some of my driving force in my job to this. The ownership in the company and the correlation that as I do my job well, the reward is a stronger company and the financial incentives that stock options bring with that stronger company. By joining the company only 4 years ago, I did miss a lot of the stock price run-up of the late 90's. That being said, I feel it is even more important to tie the employee with the company success. The stock options that Cisco rewards employees with is a direct source of this. I can firmly see that with my contributions, and the attitude and contributions of others like me, we can continue to grow the company and therefore our stake in it. This gives employees such as myself a strong tie to the future of the company as it is directly tied to my personal financial success, apart from just a salary.

I also feel that since stock options are already accounted for in the number of shares outstanding that these should not be expensed to the company directly. As a company becomes more successful, it will impact the company in a negative and inaccurate way. Therefore penalizing a growing company and it's employee's in the same form that drove the employees to make the company successful in the first place. It seems to drive at the heart of our goal as a country to try to become successful at what you do and take ownership for your work. If we fail at our jobs, then our compensation tied to the company will suffer. These options/financial compensation are not 'hidden' from anyone and are in plain sight for any investor/employee to see. The expensing of options in the manner that has been described would change this and would force companies to cease to grant options as it will become a serious negative impact on the company, and depending on the stock price fluctuations, at no value to the employee. On top of this is the issue of global competition where employers in the US will be limited in what they can offer (due to the financial impact) where companies located outside the US may not be limited in the area of expensing options. Since options are at the heart of many technology companies, this point drives home a sense of unfair competition being driven from our own country.

I think the expensing of options in the present FASB description is a dangerous idea in our present economy. I do believe that companies should be fiscally responsible, as Cisco is. But this does not preclude the use of options to reward employees and create a good working company where everyone is working toward a common goal. I did not see this attitude at my previous company where options were reserved for only the top 10% of the company.

Sincerely,  
Mike Fisher

"Every exit is an entrance to someplace else"

Michael Fisher - Cisco Systems  
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