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From: Michael Nelson (minelson) [minelson@cisco.com]
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To: Director - FASB
Subject: File Reference No. 1102-100
Importance: High

Chairman Robert H. Herz,

I am writing you this letter because I am very concerned about the movement to force company's to treat options as an expense. I have worked for Cisco Systems, Inc for seven years, and I have been motivated by stock options, and rewarded for my hard work by receiving annual options for being a top performer. As a manager I can tell you my engineers are motivated and excited about receiving options. They know it is a part of their compensation plan and they know to get more you have to be at the top of your game. It motivates them to be the best of the best.

It is imperative that FASB NOT pass this plan. I am very fearful that if this plan is passed Cisco, and other technology companies, will all but drop stock option programs. This will impair our ability to compete globally and it will have a dramatic impact on my family, and spending habits on non-essential items. I can tell you that a lot of employees pump a lot of money back into the economy by using option proceeds for luxury and non-essential items.

Over a seven year period of time I have had the luxury of using my options to pay for three trip to Disneyland, purchase my son his first truck, save money for my three children's college, remodel and upgrade our home, pay cash for some much needed dental expenses that our dental insurance did not cover, purchase a travel trailer, furnished our home, send our children to various school trips to Washington, numerous music lesson, many hockey leagues, several dance schools, support my mother on a fixed income, and afford many memorable vacation across the USA.

Options motivate me, my peers, and my employees to put more into the company, because we have a large stake in the company's success by owning hundreds of options. The more successful we are through our hard work, the more successful the company is, and the more successful the company is the more favorable NASDAQ is. As the company reaches success and the stock market rewards them the more the employee reaps. Ownership in Cisco gives me pride, and motivates other around me to exceed in everything they do.

I have worked for two other technology companies for over nine years. I can tell you that there is a night and day difference in the atmosphere, quality, and pride in companies that do not have option programs and those that do. If you were in sales meetings around Cisco you would hear employees say that they may not get compensated on a specific opportunity, but they will also say we are all stock holders and it makes sense to help close the deal how can I help. At many of my previous employers you would not hear this. They breed every man for themselves attitude. This is non-productive and very selfish. US companies do not prosper when employees do not care, and are not motivated. They are self-centered and do not care about the success of the company. Times have changed, and everyone knows that at the end the day a company is not there for you. This is the attitude of employees at companies that

have no option program. I know that through hard work, productivity and success Cisco will be there for me.

If the plan to force expensing of options passes it will have an absolute dramatic impact on the personal lives of the employees that are fortunate to receive options, on employees moral and will cause a huge negative impact on employee motivation. I thought the true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised. The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity. Expensing stock options will have a dramatic impact on American high tech leadership, innovation, and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

This passage will impact jobs, the ability for US to maintain leadership in technologies, number of employee's families, and overall worker morale. I plead with you to stop this plan, and to allow companies to use options as a tool to motivate, hire, and maintain the best employees, and to stay competitive in the global economy. With passage I am sure I will be unable to afford the Disney trips, my travel trailer, and work in an environment where motivation and morale is squashed.

Please stop the plan to expense options!!!!!!!!!!

Thank You,
Michael L. Nelson
Systems Engineering Manager