

Stacey Sutay

Letter of Comment No: 457 -
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From: William Weidert [bweidert@cisco.com]
Sent: Monday, April 19, 2004 4:25 PM
To: Director - FASB
Subject: Stock Options - My Two Cents

Dear Sir,

I would like to add my voice to the discussion concerning the expensing of stock options. I work for Cisco Systems and, of course, all employee's benefit from the stock option program that has been in place since the founding of the company. Without stock options employees are just working for a salary. Stock options provide an opportunity to share in the growth of a company. People have benefitted by being able to purchase a home, send children to college, give to numerous charities and causes, and provide for retirement. There was and is no sure thing here. Options are only worth something if a company has good products.

The expensing of options, particularly at a high valuation level, will bring this type of program to an end. Innovation and productivity will be severely impacted at a time when foreign competition and outsourcing are becoming hotter topics. In fact, I believe that the expensing of stock options will accelerate this process. 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.

I would hope that the FASB will take a deeper dive look into this proposal. My opinion is do no harm and I am concerned that this program in its current form is going to do serious damage not only this country's competitive position but impact down to the individual employee level.

Regards, Bill Weidert
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