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Letter of Comment No: 1258
File Reference: 1102-100

From: Ryan Sandberg [rsandber@cisco.com]
Sent: Wednesday, April 21, 2004 12:49 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I'm against the expensing of stock options. I'm granted stock options each year as an employee of Cisco Systems. I'm not an executive of the company nor am I a manager and fortunately, Cisco grants stock options to all regular employees and not just to executives. I've worked at Cisco for about 4 years and this is my second job out of college 6 years ago.

At the previous company I worked at, only Director level employees and above received stock options. At that company, I didn't care about the stock's performance or about shareholders. However, at Cisco, I care greatly about the stock's performance and about the shareholders because I'm a share holder. Even though most of my vested stock options are underwater (the strike price is much higher than Cisco's current stock price), I'm optimistic that one day they will be of financial value and will help me with the down payment to buy my first home. I also believe that Cisco employees work as hard as they do because they are owners in the company.

Other issues with the proposed expensing of stock options are:

Accounting Issues:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- 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.

Competition:

- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could 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'.

Please consider the impact your decisions make on my future because under the proposed valuation methods, if the expensing of stock options is required, I believe that Cisco will stop granting stock options to the general population of Cisco employees.

Thank you,

Ryan Sandberg

Ryan Sandberg
Cisco Systems
Buyer, Global Procurement Organization
Phone: 408-853-7997
Fax: 408-526-4841
Email: rsandber@cisco.com

4/21/2004