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**From:** Keith Tebo [ktebo@cisco.com]  
**Sent:** Wednesday, April 21, 2004 10:29 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com; ktebo@cisco.com  
**Subject:** Stock Options as expenses

A am a Cisco employee and have been for the last 8 years and I wanted to share my experience with Cisco. As an employee of Cisco I have been granted 8 blocks of options to purchase stock. Having these shares has made me feel I own part of the company and I am personally responsible for the growth of my company. While Cisco has experienced growth over the last 8 years, so has my ownership in the company. I have been able to use my rewards as a loyal Cisco employee and stock holder to secure a nice home for my family in Los Gatos, provide my child an excellent opportunity to receive a 1st class education and enjoy a much better quality of life. In addition I feel I have a nest egg to grow and mature over the years to provide my family with a comfortable retirement

In my previous life as IT Director at a Aerospace company this benefit was not extended to the rank and file. All bonus that had to do with stock where provided only to those with VP status. Needless to say there was no love lost when I left that company and came to work for Cisco. My retirement consisted of what I could afford to contribute after taxes and with the cost of living in the Bay Area wasn't a lot. They did offer you the ability to invest your retirement money in company stock, but for those that did they are feeling very sorry at the moment. The company is in Bankruptcy and the stock that was once worth \$13 - 17 is now below \$1. Much of the reason for the quick down fall of this company is that the executives leveraged the company on risky opportunities and the rank and file felt they had no ownership in the company. Had they felt the had the ownership, empowered to bring the company out of bankruptcy the company may be in a different finical situation.

It is my belief that by expenses stock options you will be taking away from the value they provide the company. The artificially high value being placed on the stock options are unreasonable and really only defer from the real benefit they provide, finical independence and a sense of ownership for the employee. Stock options have provide the US with an opportunity to draw on the best of the best talent in the high tech industry, expense them and taking them away will remove this competitive advantage that the US now enjoys. All in all the idea of expenses stock options is a losing proposition, the employees lose, the country loses and the company issuing them in the end will lose as well. I see no way for anyone to gain by expensing stock options

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