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From: Kevin S Smith (kssmith) [kssmith@cisco.com]
Sent: Tuesday, April 20, 2004 10:35 AM
To: Director - FASB
Subject: Stock Option Expensing..

Letter of Comment No: 621
File Reference: 1102-100



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File Reference No. 1102-100, addressed to ³Chairman Robert H. Herz,²

Dear Chairman Robert H. Herz;

I'm writing you this email to urge you to NOT move forward with changes in account practices that would require companies to expensing stock options across the board.

I work for a company - Cisco Systems - that has used stock options as an incentive for the general employee base. Using this program, the company has encourage increases in my performance and dedication to the company. You may wonder how this affects the stock holder who is the end person I believe you are trying to protect. That is an easy answer - I am the stock holder. I'm reminded on a daily bases that decision that I make, can and will affect the companies valuation/revenue/etc. In the end if I act in the best interest of the stock holder, and so does everyone else in the company - we all benefit as we are stock holders ourselves.

I've worked in the tech industry for over 15 years. In that time, stock options have been used to build companies that otherwise may not have existed in the same capacity. Just looking at my time with Cisco, the impact Cisco has had on the tech industry, the valuation of the company, and overall revenue would not be where it is today without employees acting on the best interest of the stock holder - of which I am one.

Lastly, I would like to add that I believe the real problem that should be addresses is stock grants given to high level executives. I'm a first level manager and don't have millions of stock options (or hundreds of thousands for that matter). By tracking, in some form, options granted to high level executives I believe you'll do a better job of curtailing the problems seen in the past.

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