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Letter of Comment No: 4312
File Reference: 1102-100

From: Vic Northrup [vnorthru@cisco.com]
Sent: Monday, June 14, 2004 11:41 AM
To: Director - FASB
Subject: stock option expensing.Reference No. 1102-100

Dear Chairman Herz,

I feel compelled to write you about the FASB ruling on the expensing of stock options. I have been in senior management positions with several companies over the past 24 years and I can tell you from experience that companies that allow their employees a full stock option plan versus a company that only allows the senior management to participate is a difference between night and day. The incentive for stock options at full employee participation creates an environment of empowerment and ownership that does not exist under a restricted plan. I have been witness to this first hand. During the 1990's more companies have switched to some sort of stock plan and have eliminated pension or retirement plans. In a broader sense, the FASB ruling will put many employees at risk for not having an adequate retirement or pension plan in place through their existing company.

I do believe that FASB could execute against a plan that made all stock option expenses for a VP level and above to be expensed and made visible to public scrutiny that would protect the investing public against the type of abuse that has been so well publicized over the past years. This would be a sound oversight practice.

The productivity of employees as owners of the company versus paid employees without ownership has been documented and written about in management books for years. I hope you consider this as a verification of the benefits of ownership from one who has seen it first hand. The role of FASB should be one that enriches the life of every working person and not just that of pure accounting principles.

Sincerely,
Vic Northrup

6/15/2004