

ikon**Letter of Comment No: 3717**
File Reference: 1102-100

From: Ken Seiden [kseiden@cisco.com]
Sent: Thursday, June 10, 2004 2:17 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I'd like to urge your reconsideration of the FASB plan to expense stock options. As an employee and manager at a company that uses stock options as a motivational tool, I can tell you they are a significant force behind American innovation.

I also can't help but notice that those advocating expensing of options assert either don't use them at all, or issue them only to elite executives. But in the high tech industry companies like Cisco distribute stock options to every employee. The notion of universal employee ownership is practiced. And it has a tangible effect on employee motivation.

The abuses of the bubble era weren't caused by stock options, and those who argue such don't seem to understand how option plans work. Options vest over a long period of time, typically 5 years! They are absolutely aligned with long term ownership, not short term gain.

I urge you to reconsider this issue in light of the competitive leadership that the American high tech industry brings to global commerce.

Ken Seiden
Manager, Software Development
Cisco Systems
500 Beaver Brook Road
Boxborough, MA