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Letter of Comment No: 3376 File Reference: 1102-100

From: Rich Verjinski [rverjins@cisco.com]

Sent: Thursday, June 10, 2004 11:47 AM

To: Director - FASB
Cc: Rich Verjinski

Subject: File Reference No. 1102-100 Expensing of Stock Options

Re: File Reference No. 1102-100 Expensing of Stock Options

Dear Chairman Robert H. Herz,

My name is Rich Verjinski, and I am a software engineering manager at Cisco Systems. I am writing to express my opinion for employee stock options NOT to be expensed.

I have worked for two startup companies in my career, both of which presented significant risks for me join those companies, as they were very small. I joined these companies for the challenge of working with a team developing innovative products. However, I also recognized that receiving stock options was a way for me to become a employee owner of the company, thus sharing in the risk and the rewards.

As an employee owner of a company (through stock options), I am willing to work extra hours to contribute to the success of my employer. The elimination of stock options will prevent other people like me from taking risks to join companies that drive innovation, and will ultimately reduce productivity.

As you know, stock options do not meet the definition of an expense because they do not use company assets. Instead, the true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

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'. Yet, if the expensing of stock options passes, this ruling will harm me an my family financially.

In summary, DO NOT EXPENSE employee stock options. You will hurt me and my family financially, and will hurt many millions of Americans who currently receive broad based options... and you would hurt the recovering economy.

Thanks, Rich Verjinski