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Letter of Comment No: 1466
File Reference: 1102-100

From: Thomas Braidia [tbraidia@cisco.com]
Sent: Thursday, April 22, 2004 10:12 AM
To: Director - FASB
Subject: File Reference No. 1102-100 / Expensing of Stock Options

Dear Mr. Herz,

I am writing to you to express my concern regarding the recent draft plan issued by the FASB pertaining to the expensing of stock options. I do not believe stock options should be expensed and urge you to reconsider this issue. I truly believe this will have an adverse impact on US companies and their employees.

Stock options are an excellent way to motivate employees and keep them focused on the interest of shareholders. It is an ideal way to allow employees to share in their companies success. It also allows companies to attract top talent and remain innovative and competitive with other countries (China, for example).

There are also numerous accounting issues to consider, particularly around the very inexact nature of stock options valuation. The true cost of a stock option is dilution of EPS and is already accounted for when options are exercised. Additionally, companies already provide adequate disclosures regarding their stock options and the accounting implications.

Thank you for your consideration.

Respectfully,

Thomas Braidia
Manager, Global Credit
Cisco Systems, Inc.