Stacey Sutay

From: Sent: Michael Muenter [mmuenter@cisco.com]

Letter of Comment No: 336 File Reference: 1102-100

Monday, April 19, 2004 10:00 PM Director - FASB

To: Subject:

Stock Options

Chairman Robert H. Herz File Reference No. 1102-100

Dear Sir.

I am concerned over the proposal to expense stock options.

This will drive companies to eliminate the options and that would severely impact the corporate culture that exists at my company and others. The employees all feel a tight and focused link to the corporate goals and bottom line. How would taking this away be a good thing?

Personally I have used the options to become debt free and set up for my daughter's education. As a matter of fact I used some of the money to pay off the adoption costs for my daughter. They have further enabled me to partially fund the expansion at our church and donate generously to several other charities.

On the surface expensing options may seem like a good thing but I fail to see how you can place a value on them BEFORE they are exercised. Further, what if the options go unexercised; does the company get a credit to their bottom line at expiration? That would be the fair thing. If you don't you're showing expenses that ever happened and that isn't good for anyone.

All in all expensing the options unnecessarily complicates the accounting. It's already reported by our company in the stock reports so anyone who needs to understand the values and impacts can easily look it up.

Please reconsider this ill advised track. There are many other methods to "account" for the options that would not impact the companies nor the employees personally.

Sincerely,

Michael F. Muenter