

Message

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From: Kurt Einwaechter (keinwaec) [keinwaec@cisco.com]
Sent: Thursday, April 22, 2004 7:32 AM
To: Director - FASB
Subject: Stock Option Expensing Issue

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

Chairman Herz,

I am writing to express my strong personal views on the direction FASB is heading with respect to the expensing of employee stock options. The ability of companies to broadly distribute stock options to their employees and give them a vested interest in their organization's success without the company having their financial results severely impacted is a key driver for productivity in the U.S. today. I know that when I looked at job possibilities five years ago, one of the determining factors in my decision process was to look for a company that offered employee ownership through stock options. FASB should not pursue its current course of forcing companies to expense options because ultimately it will not have the desired effect FASB is hoping for.

One of the drivers for this FASB initiative seems to be the highly publicized unethical business practices of the leaders of a few companies such as Enron, Worldcom and Tyco that have shaken investor confidence. There is a very good possibility that leaders who choose to be unethical will still have a significant portion of their compensation tied to company performance through options under your new standard. The people who will be hurt and penalized are the rank and file individual contributors within organizations because their company will not want to artificially depress earnings by broadly distributing options.

A principle reason that U.S. worker productivity increases is due the company ownership mentality that the granting of stock options helps cultivate. I know that I work harder for my company because it has pay for performance as part of it's culture. It is in the DNA of the organization. My individual choices and actions contribute to the success of the company and will contribute to a long term reward through stock options. Please consider other accounting measures which will not effectively take this long term reward away. My family is counting on you.

Regards,

Kurt Einwaechter

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