Stacey Sutay

Letter of Comment No: 281
File Reference: 1102-100

From: Keti Kilcrease [kilcreas@cisco.com]
Sent: Monday, April 19, 2004 6:46 PM
To: Director - FASB
Subject: Please Save My Stock Options!

Chairman Robert Hirz,

I have heard that
* The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
* Stock options do not meet the definition of an expense because they do not use company assets.
* The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Stock options are an option. What other optional items are expensed before they are purchased? I have a good chunk of options that are so high that I will probably never exercise them!

How does this address the executive white collar crime spree we've been seeing? I don't understand the big push behind changing the stock option reporting rules. The majority of employees who receive stock options are low level workers, who have not been accused of any participation in recent company stock scandals.

With the rule change of expensing options, it is highly likely that companies will stop giving low-level workers stock options. How does that solve anything? Why not make rules that affect the top 1% of a company's management and leave things alone for the majority of the workers?

I have used past stock options towards the down payment on a house in the Silicon Valley. Without stock options, it would have taken much longer to build the down payment in this expensive area. I'm planning on using my current stock options toward my children's education and retirement. Too bad I probably won't get anymore!

Regards,
Keti Kilcrease