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Letter of Comment No: 723

File Reference: 1102-100

From: Ryan Muessig (ryanm) [ryanm@cisco.com]
Sent: Tuesday, April 20, 2004 6:27 PM
To: Director - FASB
Cc: Robert Herz
Subject: Stock Option Expensing from the perspective of an individual employee; in regard to File Reference No. 1102-100
Importance: High

Chairman Robert Herz,

I would like to give you the perspective of what stock options mean to a so-called "rank and file" employee such as myself to help persuade you to not pursue the expensing of stock options, especially with inaccurate, inflated valuations. When it comes to a matter of personal motivation in my job, one of the biggest components for me to work harder and be more productive is knowing that I can personally benefit in the success of my company. The sense of ownership that I receive as a result is of utmost importance in my opinion. Stock options are given to most of the "individual contributors" at my company, which fosters a diligent and hardworking culture. In addition, the issuing of stock options helps my family plan for the future by providing a long term investment that will be used for future costs such as retirement, housing, and college educations.

Other than the personal gain that I receive from options, I think that anyone who invests in my company receives the benefits of options as well. The harder working and happier that employees are, the more valuable the shareholders' investment is, since productivity gains occur as a result. In a time where outsourcing overseas is of major concern to the recovering American economy, it is difficult for me to understand why the FASB would adopt the expensing of options (especially with a flawed expensing method) which will clearly result in the issuing of stock options to cease at my (non-managerial) level. We are essentially making our company less competitive with other countries who do not require stock option expensing, which can end up having a negative effect on individual contributors.

In summary, I would like for you to take into account the big picture regarding stock options. The goal of fiscal accountability (and thereby stock option expensing) is to protect investors, however, by mandating the expensing of stock options, individual investors such as myself are actually hurt as a result. Please take this into consideration when writing your plan.

Regards,

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