

Message

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Letter of Comment No: 809
File Reference: 1102-100

From: Halim, Sofian [sofian@cisco.com]
Sent: Tuesday, April 20, 2004 4:26 PM
To: Director - FASB
Subject: File Reference No. 1102-100

From: Sofian Halim

RE: File Reference No. 1102-100

Chairman Robert H. Herz

Dear Mr. Herz,

Please consider not to expense stock options for rank and file employees like myself in public corporations such as Cisco Systems, Inc. Employee stock options make me feel like I have a stake in the success of the company, and they motivate me to work harder. I believe that if companies are forced to expense all employee stock options, my company will no longer be able to grant them to the majority of employees. This would negatively impact morale, productivity and innovation.

I believe that mandatory expensing of all stock options is bad accounting, especially at an unrealistically high valuation reflected in the FASB draft plan. The potential dilution of each investor's share of company ownership is the real cost of employee stock options. A cost that is already reflected in "diluted earnings per share" when options are exercised is included in company financial statements. Broad-based stock option plans enhance productivity, increase shareholder value and benefit employees. Like many working Americans, I have personally seen the benefits of stock options to companies, employees and families. Broad-based plans should be encouraged, not eliminated.

Thank you for your kind consideration and attention.

Sincerely,

Sofian Halim

4/21/2004