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Letter of Comment No:17
File Reference: 1102-100

From: Thomas Versfelt [tversfel@cisco.com]
Sent: Tuesday, April 20, 2004 4:50 PM
To: Director - FASB
Subject: File Reference # 1102-100

Dear Mr. Director

I am sending you this message to ask you to consider not to favor the expensing of stock options. As both a manager and an employee, being an owner of the company I work for is critical to both mine and my companies success. The opportunity to provide and work for stock options inspires us to make the right decisions at work and become more productive as a team. I believe it has been critical in driving innovation and success for the United States of America.

Understanding that this is a difficult decision to make, please consider a fair valuation index if you do find this decision inevitable.

Stock options have helped me and my co-workers tremendously. They have influenced my work ethic and driven me and co-workers to perform at incredible levels adding to the achievement and productivity gains this country is now experiencing. Stock options drive innovation and prevent mediocrity in the work place by giving ownership to the employees. Additionally they add to the revenue/tax base of this country.

Mr. Director, to put this in perspective I would as you "when was the last time you changed the oil and waxed your rental car before returning it". This statement can be analogous to corporate ownership, it is the mentality that stock options create in an organization that offer them. They insure a vested interest in corporate frugality, corporate honesty, innovation and sense of pride in ownership.

Please be aware of the following ramifications if you move forward with expensing stock options:

As your decision relates to accounting Issues:

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

As your decision relates to competition:

1. U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
2. Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Thank you for your consideration on this extremely important issue.

Regards,

Tom Versfelt

4/21/2004