

Stacey Sutay

From: Missy Kitlas [missyk@cisco.com]
Sent: Monday, April 19, 2004 5:31 PM
To: Director - FASB
Cc: missyk@cisco.com
Subject: File Reference No. 1102-100 Chairman Robert H. Herz

Letter of Comment No: 201
File Reference: 1102-100

Dear Chairman Robert H. Herz, FASB

I am an engineer at a high tech. company in Silicon Valley, that is known to treat its' employee's with great respect and fairness. They share the profits of the company with the employees in several key ways.

One of the biggest and most appreciated ways is the granting of company "Stock Options". This benefit has proven to be a great incentive for employees. I believe it drives employees to work harder to keep thier contribution to the company stronger, because they share in the Stock options.

In the five years I have been here, it has been such a great tool to keep people motivated in this really difficult economy for the high technology industry. It keeps employees of all levels interested in the success of the company. (from low level, to mid-grade level positions) It is a great thing that everyone at the company cares about.

Many companies are not giving raises, nor bonuses, and some are still having layoffs. Stock options has been one thing they can give, to keep motivating innovation and productivity.

It concerns me deeply that we have might have to discontinue, because FASB is considering "expensing stock options". (at an unrealistically high valuation)

Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation.

Stock options do not meet the definition of an expense because they do not use company assets.

Please consider that the high tech industry is struggling very much so, and that the ability of companies to grant stock options relies heavily on not having to expense them.

Thank you for your consideration.