ikon

 From:
 Scott Sullivan [scsulliv@cisco.com]

 Sent:
 Monday, April 26, 2004 3:22 PM

To: Director - FASB

Subject: Employee Stock Options

Chairman Robert H. Herz,

I am writing to express my disconcern over the FASB intending to require U.S. Corporations treat stock options as an expense. As an employee of Cisco Systems, I have seen first-hand the extremely effective impact stock options can have on employees, and on a company. Because of employee ownership, employee productivity is unlike I've seen with other companies I have worked for that did not have these options. I know my personal motivation to drive sales and make our quarterly corporate number to Wall Street is a direct result to wanting the stock to climb and enhance shareholder wealth. Stock options are not an expense—as they do not use company assets. Certainly they reduce earnings per share and are fully accounted for when/if these options are exercised.

Letter of Comment No: 2000 File Reference: 1102-100

I can say from experience that employees look for such employee-based stock options as incentives to work for a given company. By requiring companies to treat these as an expense (and as I understand it, expensed at an unreasonably high evaluation!), NON-US companies will be in a better position to hire and retain employees..hurting the US workforce and hindering the U.S. ability to compete in the long run. Please reconsider and do not require U.S. companies to treat these options as an expense. Options have been and should continue to be an important part of an employers' ability to hire and retain the best and the brightest. Please don't send these people to other companies oversees! Your draft plan will do just that and unfairly impact thousands of hard working Americans.

Thank you for your consideration, /scott

Scott Sullivan 405 Thomas Dr Springboro OH 45066 937-609-2131