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From: Eric Lomax (elomax) [elomax@clsco.com]

Sent: Wednesday, April 21, 2004 1:48 PM

To: Director - FASB

Subject: Expensing Options File Reference No. 1102-100

## Chairman Robert H. Herz

Sir, I am extremely concerned with Financial Account Standards Board's plan to expense stock options. As you can probably tell from my email address I work for a company that distributes options to most if not all regular employees. I believe that I speak for the majority of them in saying that we take ownership for the performance and profitability of the company because of that investment. I know for a fact that I am considerably more conscious of my spending and the growth of the company because I feel that my participation can influence the company's performance.

Like most employees in my field I have worked for a number of other companies that did not offer similar means of compensation. When employed with a company that did not offer options, I was only concerned with my livelihood and professional growth. Company performance was meaningless because it did not affect me directly. Now it does.

Stock options are a tool for retaining talent. After managing for a period I understand the impact that employee turnover can have an organization. I read a NewsWeek study some time ago which stated that nearly 83% of all US workers were dissatisfied with their current jobs. As such, they would look for other employment when the economy recovered. If even a small fraction of those employees move on, the impact on the economy and individual companies' productivity would be significant.

My company has always experienced low turn-over because the employees' long term financial goals are tethered to the company's success. Most of us believe that we will profit from our tenure and be able to support our families when we retire. With the uncertainty of Social Security and the near abolition of viable pension plans, the average employee has little motivation to stay and produce for a company for any significant period of time. Stock options anchor the employee to the company, its direction and profitability.

Stock options force employees to become cognizant of company performance, reduce turn over and contribute significantly to each employee's retirement wealth. Cisco Systems is my company. Its profitability is my profitability; its losses are my losses. I work as hard as if I owned a small franchise on the corner. Without stock options I could not and would not feel that way.

Regards, Eric Lomax Systems Engineer Cisco Systems 8865 Stanford Blvd. #201 Columbia, Md. 21045 (410) 309-4885 (410) 309-4899 (fax) (800) 365-4578 (pager)