Stacey Sutay

Letter of Comment No: 266
Stacey Sutay

File Reference: 1102-100

From: Paul Adams (padams) [padams@cisco.com]

Sent: Monday, April 19, 2004 6:40 PM

To: Director - FASB

Subject: File Reference No. 1102-100 - to Chairman Robert H. Herz

Re: - File Reference No. 1102-100

To:- Chairman Robert H. Herz.

I would urge you not to implement the proposed regulation to expense stock options.

I have personally received stock options from my employer Cisco systems, and view them as a great incentive to stay working for Cisco, and to do my best work for them, to eventually have to option to purchase a large part of the company that I work for.

The analogy that has always resonated for me, has been the comparison of stock options with the idea of a joint partnership. The analogy goes as follows, imagine that a person is running a small business, and decides to bring in someone to help. After 6 months the owner tells the new employee that he is thinking of bringing in a partner to eventually take over the business. The owner offers the new employee an incentive, by telling him that I he continues to work at the business for four years, he will sell half of it to him for a fixed price. This is an incentive to the employee to give of his best, and build the business during that time, as is not a tangible expense.

The high tech industry has been fuelled by stock options for over a decade (maybe longer), and returning this to a position where stock options can not be afforded or offered will severely impact the US's ability to compete on the world market.

Other countries have stock options programs that are not treated as expenses, and to do so in the US, would put us at a further competitive disadvantage.

I implore you to reconsider the idea of expensing options, as the economy as a whole would be impacted.

Thanks

Paul Adams, IT Manager, Resource Leverage PMO, M2S IT (Market to Sell), IT Business Operations

Cisco Systems, m/s SJ10/3, 170 W.Tasman Drive, San Jose, CA 95134-1706

Phone - (408) 527 8667 Fax - (408) 525 1484

Email - padams@cisco.com Pager - padams@epage.cisco.com http://www.cisco.com

http://wwwin-tools.cisco.com/sales/go/it/busops/outside-services