ikon

From: Sent: To: Subject: Schoenberg Steven [sschoenb@cisco.com]

Letter of Comment No: 522

File Reference: 1102-100

Tuesday, April 20, 2004 11:44 AM Director - FASB

re: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

My name is Steven Schoenberg. I am 32 years old and have been employed buy two companies who were

both very proactive in awarding employees hard work with ISOs (Incentive Stock Options).

In 1994 I graduated NC State Univ and began work with a company in Morrisville, NC called Tekelec as a Software Engineer. I was given 1000 stock options after my first year there vesting over 5 years. During that time the stock at Tekelec split 3 times and I made in excess of \$150,000 dollars

from exercising those options. The company grew from 80 to near 1000 people from 1994 to 2000. My salary was much lower at Tekelec than other companies and I could

have left Tekelec to ear more money, but due to the options I stayed there over 6 years. Stock options provided with me with the following:

1) incentive to stay at Tekelec

- 2) incentive to work harder at Tekelec and earn promotions to get more options
- 3) ability to get out of college debt and loans from exercising options
- 4) other financial benefits (purchase home, pay for wedding, new car, etc.

Without those options the government would not have collected around \$50,000 in taxes and the shareholders would not have benefited from my hard work. If employers are forced to expense options I think it will be a negative impact to shareholders, employers, and employees. I feel the whole purpose of expensing stock options is politically motivated without any real thought to the damage the economy will suffer.

I now work for Cisco Systems who is even more enthusiastic about rewarding employees with options than Tekelec. Cisco employees near 30,000 tax payers who I know without a doubt will suffer in many ways if companies are forced to expense options. Here are my opinions of what will happen:

- 1) employee turnover
- 2) negative impact to employee moral
- 3) less consumer spending
- 4) quality of work will decrease
- 5) hours of work will decrease
- 6) less taxes paid
- 7) distrust of politicians who imposed this politically motivated bad idea

I urge the FASB to rethink how companies should expense an option that may never be worth anything, may never get exercised, and is really not an expense to the company.

The P/E ratio is what is impacted when we exercise options. There has to be another way that is a win-win-win for shareholders, employers, and employees.

Steven Schoenberg concerned taxpayer, shareholder, and employee of Cisco Systems Inc.