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Letter of Comment No: 582

File Reference: 1102-100

From: Chris Suich (csuich) [csuich@cisco.com]
Sent: Tuesday, April 20, 2004 9:52 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100 - Stock Options Expense

Chairman Robert H. Herz,

As a US citizen employed by a US based company, I am disappointed to hear that our government is moving forward to change the accounting principles behind employee stock options.

I believe the new method of accounting would take away this valuable tool US companies have to attract talented employees. The true cost of stock options is already accounted for in the dilution of earnings per share and accounted for when the shares are exercised. US companies will stop offering this benefit to the average employee and lose this tool as a way to retain talented people.

The idea of stock options is a risk/reward system for the employee and company. There is motivation for employees to perform well and help the company raise it's value in the market.

If the company does not do well then there is no reward for the employee or the company. If the company had to expense these options previously issued that an employee would not exercise then that to me would be double punishment.

Foreign companies have the ability to offer stock options and taking away from US companies would make foreign companies more competitive in hiring talented people.

I personally have made employment decisions based on stock options that were offered to me by my employer. I have been both personally rewarded by exercising options and "lost" options because the stock value was less than my option value, yet I still desire the opportunity.

Please consider NOT implementing the new accounting rules for requiring companies to expense stock options.

Regards,

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