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Letter of Comment No: 551
File Reference: 1102-100

From: Steve Carter [stcarter@cisco.com]
Sent: Tuesday, April 20, 2004 9:02 AM
To: Director - FASB
Subject: Please Don't Expense Stock Options

Good Day,

I am writing you this morning regarding the proposed expensing of Stock Options, File Reference No. 1102-100, addressed to Chairman Robert H. Herz. I am urging you not to go forward with plans to expense stock options. I work at an employer who gives stock options to all employees, not just senior management. If stock option expensing is required, it is likely that I will no longer receive stock options.

I have looked at my companies stock options as a possible way to help me pay for my children's college education, beginning in seven years. Without options, I am not sure I will be able to pay for their college (I have two children).

Options are a good way for companies to remain competitive, right here in America, with the companies producing similar products in lower wage countries. As an employee and company owner, I feel more loyalty to my current employer, than any I have worked for in the past.

On the technical merits of expensing stock options, the current method does not "hide" the cost of options. The options dilute the Earnings Per Share, an investment statistic many investors are already familiar with.

At my company, the investors have approved the company to issue stock options, to all employees, feeling that the increased employee satisfaction will drive productivity to a level that is of greater value than the options given to me. For my part, I agree, and have seen this to be true.

In closing, please, do not go forward with your current plans to expense broad based stock options. I know there are other proposals out there, such as expensing options just to the top management, that should be considered instead.

Thank you for your time,
Steve Carter