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From: Dimitry Kushelevsky (dimitry) [dimitry@cisco.com]
Sent: Thursday, June 10, 2004 1:45 AM
To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 3379
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To: Chairman Robert H. Herz,

Dear Mr. Herz,

At the time that thousands of American IT jobs are going offshore, and millions of voting constituents are looking to our government to spur creation of US-based jobs, it just doesn't make sense to impose the draconian stock option accounting measures your agency is advocating, which will once again make stock options available only to the upper layers of corporate management. As a highly educated person, you must be well aware that the option valuation model proposed hardly even approaches their real market value. Moreover, each employee option grant is based on a decision that, like any other, has been carefully evaluated by the Board and deemed to benefit the company, and is fully disclosed to the public.

While a small group of unscrupulous industry executives in the recent past has placed corporate accounting practices under closer scrutiny, there's no reason to punish the rank and file IT employees who, thanks to the extra incentive of being part-owners of their companies, are working their collective heart out to keep our country a global leader in their industry. Not to overstate the obvious, while the likes of Bernie Ebbers and Kenneth Lay performed their criminal misdeeds outside of public scrutiny, the legal employee stock option grants are fully disclosed and incorporated into the market value of the underlying securities. And now that other countries, including ones where labor costs are a fraction of ours (and are therefore absorbing US-outsourced jobs at an alarming rate) have blessed the grants of employee stock options without treating them as an expense, the move advocated by your agency will create an extra blow to the frail recovery of the IT market.

In conclusion, I join the many thousands of my colleagues by humbly requesting that while you continue the good work of keeping our industry's financial practices in the clear, that you please do not destroy one of the key incentives that's keeping our jobs in the US, our employee-owners loyal to their employers, and our IT industry in a global leadership position among its peers.

Sincerely yours,

Dimitry Kushelevsky

Dimitry Kushelevsky
Business Development Manager



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