



21 May 2004

**Letter of Comment No: 3771**  
**File Reference: 1102-100**

Financial Accounting Standards Board

To whom it may concern:

As CFO of CyberOptics Corporation I am writing to you to express my deep concern and frustration with what appears to be FASB's inexorable march toward implementing a 'one size fits all' requirement for the expensing of Stock Options. CyberOptics is a micro-cap public high tech manufacturing company, typical of many similar companies in America. As such, this group of companies is vital to the overall competitiveness of our nation in the global economy. Small Technology companies are the sources of most of the innovation and employment growth in our country and are critical to the long-term wealth and health of the United States.

The proposed requirement to expense stock options will no doubt be very detrimental to our size company and hence the long term competitiveness of the nation. Currently our company like many others like us, grant stock options to ALL employees as an incentive to commit extra effort and time to the company's success. At CyberOptics, more stock option shares are granted to employees than to the executive officers, which I am sure is not the case for most large corporation where we have seen recent abuses of these tools. Expensing of stock options will cause our company and countless others to reconsider this policy and likely reduce the use of stock options as a motivational tool for all employees, including critical engineers and scientists that are so important to a high technology business. Not only are stock options important to small companies to encourage employees to work long hours, but they are also powerful morale boosters that make all of our employees shareholders.

Finally, we believe that the proposed methods for stock option valuation are problematic for highly volatile stocks like our company's stock, making a requirement to expense them just another added mask of the company's true underlying operational performance.

We urge FASB to reconsider it's position on requiring all companies to expense stock options.

Sincerely,

Scott G. Larson  
CFO

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