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From: Scarbrough, Robert [rscarbro@cisco.com]

Sent: Wednesday, June 16, 2004 12:00 PM

To: Director - FASB

Subject: Please reconsider your recommendation on stock option expensing

Dear Director.

I urge you to please reconsider the FASB recommendation on expensing stock options. Obviously, this topic is not a new one and is most likely top-of-mind due to the corporate governance issues that we've had in the USA in recent years. I believe it is a mistake to try and leverage the problems of recent years to resurrect this old topic for some anticipated gain.

Letter of Comment No: 3892 File Reference: 1102-100

It is clear that even people on both sides of this debate understand that the Black-Scholes (and similar methods) are very far from being effective and produce artificial prices that companies will then need to account for in their accounting/financial statements.

This is a very dangerous way to proceed when the potential for damage is very real yet the potential for good is very slim. In today's economic and competitive environment, it just doesn't make sense for the US to force its corporations to go in this direction.

As an employee in an industry where stock options are given out, I know that they certainly provide additional incentive and drive to bring forth extra drive for performance and productivity for my company. In an increasingly competitive world and very real balance-of-trade realities, it is critical for exactly this type of drive for innovation and productivity to remain inherent in our corporate environment.

It is a fact that artificially-high stock options expensed by corporations going forward, per your current recommendation, will make them less common and thereby produce harm to our business environment for the reasons given above and others that you've been hearing from others.

Thus, I really don't see any responsible justification for why this expensing action should be taken at this time, with these methods, and in this fashion. Therefore, I respectfully request that you please reconsider your position on this topic and please readjust your position appropriately.

Regards, Bob Scarbrough