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Letter of Comment No: 1219
File Reference: 1102-100

From: Scott Emery [scotte@cisco.com]
Sent: Wednesday, April 21, 2004 2:14 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Opposition to Expensing Stock Options, File Reference No. 1102-100

Chairman Robert H. Herz,

I'm writing this letter to express my concern about the FASB draft plan to treat stock options as an expense. I am concerned about the loss of innovation, productivity, and competitiveness U.S. companies will face if this plan is adopted. And I'm sure you're hearing from many about these issues. But my primary concern is that expensing stock options under this plan will not achieve the desired goal.

The driving motivation for expensing stock options is to provide more accurate information of a company's financial status. However, all the methods which have been proposed to expense stock options will almost certainly create a less accurate picture of a company's financial status. None of the proposed methods accurately reflect the true expense of the stock options, but instead, make assumptions about the future which will almost certainly be incorrect.

I would like to urge you to delay the expensing of stock options until a more accurate method of accounting for their expense can be developed. Otherwise, I fear that this proposal will create more confusion, not less, about a company's true financial health.

Sincerely,

Scott Emery

RE: File Reference No. 1102-100