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File Reference: 1102-100

From: Camille M Quenneville [cquennev@cisco.com]
Sent: Tuesday, April 20, 2004 7:08 PM
To: Director - FASB
Subject: File Reference No. 1102-100, addressed to Chairman Robert H. Herz

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Mr. Chairman,

Based on the recent Financial Accounting Standards Board (FASB) draft plan stating that they intend to treat stock options as an expense, I am writing you to express my strong personal concern. I have been in the high tech industry for many years and see a tremendous move from American based companies to non-American and have real concern about this loss. I believe that the manner in which FASB is viewing stock options is very flawed and as a result will only remove this win-win incentive. This will ultimately give only foreign companies an advantage since they are not limited in the same ways. This could have a tremendous negative impact on American jobs, technical leadership, innovation, and ultimately the U.S. economy.

If you look at the specific accounting issues you will see that the FASB will ultimately eliminate a tool that has driven innovation and productivity for many companies by assigning an artificially high valuation for stock options. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised and stock options do not meet the definition of an expense because they do not use company assets.

Please consider the impact that this change would have on the American corporate leadership and economy and STOP THIS ACTION before harm is done. In today's economic environment, the number one rule should be 'first, do no harm'.

Regards,
Camille Quenneville
IT Service Management Analyst
(408)525-4844

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