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From: Cindra Ford [ciford@cisco.com]
Sent: Monday, April 19, 2004 7:47 PM
To: Director - FASB
Subject: Attn: Chairman Robert H. Herz, File Reference No. 1102-100

To whom it may concern,

I am writing to inform you of my opposition to FASB changing the current account laws on the expensing stock options. Stock options should remain a non-expensed item as they:

- 1) don't meet FASB definition of an expense as they don't use company asset
- 2) are accounted for as a dilution of EPS when the options are exercised.

Options are a valuable motivation tool for companies. I work in high tech where options are widely granted to all levels of employees. Over the last few years with the down turn in tech, options have been reward for work well done when raises were not possible. Over the last 2 years, I have viewed my options as a reason to continue putting in long hours as they become valuable when the company exceeds expectations. I interpret it as the company making an investment in me & I have the ability to make that investment grow. In short options are a way to give employees ownership in the company, improve moral and encourage employees to constantly give 110%.

By changing the current reporting of options to an expense (beyond including them in the notes), companies (particularly high tech) will be significantly limited in rewarding or motivating their employees. They will not be able to draw or retain top talent (regardless of how the market is doing). They will loose possibly one of the only competitive advantages they have against foreign based high tech companies. Many of these foreign based companies already have other advantages like lower employee costs, less taxes, reduced environmental laws, less strigent account disclosure laws...the list goes on.

I understand that FASB is under pressure from American's to better protect investors by instituting better disclosure & reporting for companies. However reporting of stock options does not do this. In fact it muddies the water and will make it more confusing for investors.... how can one accurately assign a value to something that's value will significantly change over time... But more importantly expensing of stock options doesn't give investors a better idea of how the company is being run or how well it is competing against other companies.

In short expensing of stock options does not meet the goals it sets out to meet. Expensing of stock options limits companiess' ability to reward employees and keep the best employees on board and motivated. Expensing of stock options will have an extremely negative effect on the ability of US companies to compete in a global economy. Expensing of stock option does not give investors better clarity into the operations of the company.

Please feel free to contact me.

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