Letter of Comment No: 360

File Reference: 1102-100

Stacey Sutay

From: Matt O'Brien [matobrie@cisco.com]

Sent:

Monday, April 19, 2004 8:46 PM

To:

Director - FASB

Subject:

File Reference No. 1102-100

Importance: High

Chairman Robert H. Herz,

I wanted to voice my strong opposition to the expensing of stock options as detailed in the above file reference. In terms of the accounting piece, I think we need to consider the following:

- 1. The valuation required by the FASB will eliminate Corporations abilities to use these as a tool to encourage innovation and productivity.
- 2. Are they really a defined expense if they do not use a company's asset? Answer: No.
- 3. Cost is accounted for upon exercise and the dilution of EPS.

I feel that by forcing Corporations hands in this manner will seriously jeopardize the leadership in technology that the US holds, and let other global entities gain market and mindshare. Other nations will still be able to use tactics that helped the US take lead so many years prior (China for example).

Thank you for your consideration, Matt O'Brien

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