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From: Sent:

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Letter of Comment No: 1616

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Friday, April 23, 2004 9:31 AM

To: Director - FASB

Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Dear Chairman Herz:

I am writing to express my concern over the potential adoption of FASB recommendations for expensing stock options. I strongly advise against these measures.

As an employee of Cisco Systems, and previously of several other high-tech companies, I have direct experience with stock options. As a result of being given options by my employers, I have been highly motivated to see the company succeed. For smaller companies especially, the ability to offer stock options provides a means of attracting talented employees they could not otherwise afford. I wholeheartedly believe that broad-based stock option awards were a key enabling factor in the dramatic expansion of the economy through improved productivity over the last 5-10 years.

The FASB's plan to expense stock options has several flaws. Option valuations are not easily established in a consistent manner. Also, options as a dilutory factor in stock price are already factored in to a company's valuation, as shareholders are aware of the number of options outstanding. Additionally, options are only awarded with approval from the company's board of directors, assuring that the process is given proper oversight and protects shareholder interests.

Do not make the mistake of requiring option expensing. Do not punish smaller companies, and those that would benefits to all employees for a company's performance. At this critical time of increased global competition in high-tech and innovation, stock options are a critical tool supporting our countries competitive advantages.

Sincerely, Andrew Cleasby