

Len Tatore

From: Rick Ripplinger [rriplin@cisco.com]
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To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 1454
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Chairman Robert H. Herz:

One thing is clear regarding employee stock options, no one has a CLUE as to how to value these options correctly. Why is the FASB going forward without a solid plan that answers the key issue of how to value options. FASB now knows the Black-Scholes method is flawed and has offered the Binomial method which can not predict stock value any better than Black-Scholes.

FASB's refusal to consider the economic consequences of its actions has prompted Congress has become keenly interested in this issue. In the end, this is an issue that reaches everyone in organizations that broadly distribute OWNERSHIP of the company to its employees. For entrepreneurs, it is a damaging blow to companies that seek growth funding.

Partial company ownership through the distribution of employee stock options is not an expense. The real concern should be from other stockholders who may see dilution of the value of the stock.

I simply do not see the logic of FASB's stand on this issue and believe that you have not considered all of the implications of your actions.

I urge you to reconsider this position.

Sincerely,

Rick Ripplinger