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From: John Intintolo [johni@cisco.com]
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To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 1463
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Chairman Robert H. Herz,

I am writing to express my concern with the ruling to expense stock options. I am a mid-level individual contributor at Cisco Systems, and have been a recipient of stock options here and at two previous high-tech / telecom companies. This ruling will have a negative impact on my family, my co-workers, my company, and my community, and in my opinion will make financial statements less clear. In particular, my concerns are:

- employee options are not openly traded, and have severe restrictions not accounted for by current valuation methods. Were these restrictions to be considered, options would become trivial in present value.
- guessing present value of a future benefit does not belong in a financial statement, any more than the present value of future revenue from a long term contract should be included as earnings - it doesn't count until it's actually earned. This ruling will open the doors to all kinds of shady projection-based accounting.
- what happens in a down market, as has occurred the past few years? How far back would we need to restate financials if options were overestimated or underestimated? Who will oversee all the restatements you will get each quarter?
- the impetus for expensing options - governance of executives - will be minimally impacted. The real effect will be felt by non-executives, who will see their options cut. Top executives will be the last to see their options taken away, and yet that's who you are after!
- Options, and the feeling of ownership that comes with them, are a big driver of employee dedication at the companies I have worked for. There is much less friction between management and employees at these companies, like we are all on the same side, and as a result employee morale is high and productivity soars. I have worked at companies where only the execs get options, and these companies had a much more antagonistic relationship. Company success meant little to employees at those companies, and growth was stagnant.

Options are a major piece of my personal financial planning. They are worth nothing today, but I am relying on them for my children's education and to supplement my retirement savings. Options exercised from previous companies held me over during times of unemployment - without them I would have had to sell my house.

Please reconsider the decision to expense options - it does more harm than good to the average taxpayer!

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