

Len Tatore

From: Chris Tremblay [ctrembla@cisco.com]
Sent: Wednesday, April 21, 2004 6:24 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: To Chairman Herz, File Reference No. 1102-100

TO: Mr Robert H. Herz, FASB Chairman

Dear Chairman Herz,
I believe that the recent plan released by the FASB which includes an intention to treat stock options as an expense is a mistake, prodded by narrow minded legislators in a knee-jerk reaction to the recent corporate accounting scandals.

Due to the artificially high valuation of a stock option as required by the FASB, this policy will severely financially limit the ability of a high-technology company, especially smaller "start-up" companies, to compensate and keep talented individuals and will therefore limit creativity and innovation. Many of these smaller companies, which have been the driving force of much of the technological revolution of the past several decades, have relied largely on stock options to compensate their employees as well as to promote a sense of ownership in their growing business.

The expensing of stock options will artificially alter the financial records of a company and in fact will deceive potential investors since stock options do not utilize company assets at any time. Therefore, if a company must expense these options, the balance sheet will not reflect what assets the company truly holds.

Stock options are actually already being accounted for after the option is exercised as a computation of earnings per share. This double accounting will further reduce the outlook of a company in a negative fashion, further deceiving potential investors but favoring wall street insiders who will be more capable of reading through to what a company is really worth by excluding the expensing of stock options.

In short, the idea of forcing companies to expense stock options is a half hearted and ineffective attempt to exact vengeance upon corporate officers for doing nothing more than being successful and rewarding themselves accordingly (or dis-accordingly, which is reprehensible but not illegal.) What it will in effect do will be to cripple the technological advances of our culture, communities and country, which is plainly un-American.

I thank you sincerely for considering these facts.

Sincerely,
Christopher R. Tremblay