

Stacey Sutay

From: Paul Zimmerman [pzimmerm@cisco.com]
Sent: Monday, April 19, 2004 6:51 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 291
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Dear Chairman Robert H. Herz,

I am not a manager. I am not an executive. I am a regular employee who depends on stock options. Stock options make me feel like a partial owner of the company. My stake in the company gives me the feeling like my work makes a difference, not only to the company's goals but to help me achieve my goals. It drives my sense of innovation, my desire to succeed. Our country is built on innovation and productivity, and these traits must be nurtured to compete in a global economy.

Besides the personal benefits I get from this incentive, there are financial issues with the proposal to expense stock options. The proposed methods of valuation are artificially high. Stock options do not use company assets, so to track them as an expense is misleading. When options are exercised, the true cost of the option is reflected in the dilution of earnings per share.

The future of our technology industry depends on the ability of our companies to compete with foreign companies who are not burdened with these accounting rules. To place these burdens on American companies could have a negative effect on our technological leadership. It could badly affect job creation in our country.

This issue should not be decided on the basis of the desire to punish executive malfeasance. This issue is about the regular worker, not the executive. Please do not punish American workers by forcing the expensing of stock options.

Thank you,

Paul Zimmerman
Santa Cruz, CA