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**From:** Dana Gauthier (dgauthie) [dgauthie@cisco.com]  
**Sent:** Monday, April 26, 2004 12:08 PM  
**To:** Director - FASB  
**Cc:** dgauthie@cisco.com  
**Subject:** Vote No on Expensing Stock Options

**Letter of Comment No: 1951**  
**File Reference: 1102-100**

Chairman Robert H. Herz  
FASB Organization

RE: File Reference No. 1102-100

Dear Chairman Herz,

I am writing to you to ask you to please reconsider your position on expensing stock options. I believe that it is in the best interest of consumers, employees, companies and the United States of America to NOT expense stock options.

I strongly believe that small start-up companies attract key personnel by offering employees the option to share in the ownership of companies. This results in employees being far more motivated, creating significant technological breakthroughs, offering new/innovative products to consumers and keeps our country healthy with a vast array of new products entering the marketplace. If small start up companies were not able to attract these types of personnel then no employees would be willing to take the risk. After all, the probability of a company going public and the employees realizing their dreams are very low. Furthermore, large companies use stock options to motivate employees to innovate and be fiscal responsible.

I know in my own career, I have received stock options from small start-ups as well as established large companies. In each instance these stock options have been a key method of motivating me. In all instances, I have worked harder, longer and done things for the company that I would never had done if I had not received the stock options. Although, I have made modest sums of money from my stock options, it has nevertheless motivated me to take on more risk with my career than I would normally be willing to accept.

I have been able to save for my children's educations (I have 3 daughters and 1 son) and they will get a head start from this educational fund. In addition, stock options have enabled us to live in a community (Palo Alto, CA) that places high values on education and a sense of community.

In addition to all of the benefits cited above, stock options are also a way to give back to the community by paying taxes on stock gains. Many of my colleagues have donated large sums of money to charities because of the wealth they have accumulated with stock options. Stock options have clearly incentivized many young students to pursue a technical, scientific or engineering degree. This has resulted in major product innovations from semiconductor (Intel, AMD, National Semiconductor, etc.), computers (Apple, IBM, HP, etc.), networking (Cisco, Juniper, etc.), software (Microsoft, Oracle, etc.). The internet is now used as the primary vehicle for work, entertainment, play and education. If the internet goes down in our household, my children are devastated and require me to immediately fix the problem. They have become so dependent on the Internet for conducting research, communicating with their friends, downloading their music and buying their latest clothing. The Internet was an innovation that came through companies such as E-Bay providing their employees with large stock grants.

In summary, I strongly believe that Stock Options are extremely important and requiring companies to expense stock options would quickly result in the elimination of stock options as a form of compensations to millions of workers.

Sincerely,

Dana Gauthier

4/26/2004