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From: Jennifer Maes (jmaes) [jmaes@cisco.com]
Sent: Tuesday, April 20, 2004 10:03 AM
To: Director - FASB
Subject: File Reference No. 1102-100

To: Chairman Robert H. Herz

With regard to the proposed draft from the FASB last month which reflects the intention to treat stock options as an expense, I urgently appeal to you to reconsider. I believe stock options should not be expensed, for the reasons below, and especially should not be expensed at the high valuation proposed in your draft.

I am a CPA in California (since 1986) and am currently an employee of a high tech company that issues stock options as incentive to employees. I rely on these stock options to support my family. If these options are expensed, they will no longer be provided as incentive to employees and this will have an extremely negative impact on my financial situation and on those of my colleagues.

If stock options are expensed by US companies, I know I will need to consider moving to a foreign company that does issue stock options (as many do). I know that many of my colleagues feel as strongly about this as I do. I can only imagine the negative impact this will have on high tech companies and innovation in the US, especially in today's economic market.

Personal finances aside, I think stock options are a powerful tool to motivate employees to stay aligned with shareholder interests. This promotes the right behavior and focus in the short and long term. Owning part of the company I work for and having a stake in the future shareholder value, influences my decisions – I am conscious of the impact of my behavior on the financial condition of my company.

Finally, from an accounting standpoint I do not understand how stock options can be considered as an expense since they do not meet the definition of an expense and do not comply with the principle of matching.

Please reconsider the proposal set forth in the draft.

Regards,

Jennifer Maes

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