

**Len Tatore**

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**Letter of Comment No: 1257**  
**File Reference: 1102-100**

**From:** Bernie Volz [volz@cisco.com]  
**Sent:** Wednesday, April 21, 2004 11:28 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100 - Expensing Stock Options

Dear Chairman Robert H. Herz:

I would like to ask you to reconsider the draft plan by FASB to treat stock options as an expense. Stock options have been well disclosed and are necessary to attract and retain employees. While the competitive job market that existed several years ago has disappeared and the value of many stock options granted years ago is only now beginning to return, stock options are still an extremely valuable means to attract and retain employees. It is also an excellent way for employees to participate in the success of the company for which they work.

I co-founded a company in 1984 which was sold in 2000 (it was not a publicly traded company though we followed FASB rules for many years). Before its sale, we had 150+ employees that were granted options and were able to profit in the sale of the company. It would have been sad if we had been able to grant options as these 150+ employees would likely not have benefited in the sale of the company.

I recently started at Cisco Systems and was granted options. This was a prime factor in my considering the position at Cisco. Cisco may be less inclined to issue stock options in the future if the FASB draft plan rules are adopted.

While there were many excesses during the late 90s, I hardly think stock options are a significant issue.

They certainly weren't factors in the accounting fraud at the likes of MCI, Enron, and Parmalat. The FASB should focus on the real issue of improving financial accounting to prevent fraud. Not on taking away a major tool corporations have for attracting, retaining, and rewarding employees.

- Bernie Volz  
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