Letter of Comment No: 847 File Reference: 1102-100

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From: Craig Dorry [cdorry@cisco.com]

Sent: Tuesday, April 20, 2004 3:20 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz:

I am writing you in regard to the expensing of stock options. While I understand that legislation's intention is to account for expenses, the artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven productivity and innovation during the past several years. While options are being identified as an expense, they do not qualify as they do not use company assets. The true cost of a stock option is dilution of earnings per share and is already accounted for when options are exercised.

The expensing of options will put us at a disadvantage in competing in the global marketplace. Other countries are using options in lieu of higher salaries to attract and retain top talent, and if America isn't allowed to do likewise, the impact on America's high tech leadership, job creation and innovation will be dramatic.

Thank you.

Sincerely, Craig Dorry