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From: Sent: Ken Stanley [kestanle@cisco.com] Tuesday, June 29, 2004 3:51 PM

To: Director - FASB

Subject:

File Reference No. 1102-100 - Expensing Stock Opti

Letter of Comment No: 5721

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Chairman Robert H. Herz:

I strongly urge you to consider not expensing stock options in the proposed manner. Let me state up front that I do benefit from this program in my present job. Having the opportunity to participate in stock options does impact the way I feel about the company - I definitely feel ownership. Part ownership certainly influences productivity and the willingness to take risks in new and novel opportunities. In past jobs without this benefit there was a different attitude altogether.

Please realize that stock options are not freely tradable and require lengthy vesting periods. How can a value be placed on something that is not redeemable for many years? Should my position within the company be terminated prior to the vesting period the value of my stock options is zero. The stock options are treated as an expense when and if they are redeemed. It seems to me that you are not able to make a judgement on the value of stock options without knowing their true value.

This proposal is likely to stifle entrepreneurs in the US at a time when we need all the advantages that we can muster in retaining our competitive edge in a global economy. To make changes in midstream could set off a string of financial consequences that could seriously damage the profitability of very important technology companies. Who can know all of the consequences of making such a change? Who is willing to take such a chance at this time of economic recovery? US technology companies have led the world for many years in new and important innovations.

The proposal before your committee to expense stock options seems to have the potential of damaging many middle class workers as well as the companies themselves. I strongly urge you not to expense the options.

Sincerely

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