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Ande Ferretti [ferretti@cisco.com] From: Sent: Tuesday, April 20, 2004 7:04 PM To: Director - FASB

Cc: savestockoptions@cisco.com

Stock Option Expensing File Refernce No. 1102-100 Subject:

Chairman Robert H. Herz,

I am writing to you to strongly urge you not to move forward with the initiative to expense stock options. Expensing of stock options will eliminate a valuable tool which has driven innovation and productivity in many industries. There is no meaningful way to account for the value of stock options as the cost of an option is dilution of earnings per share, which is accounted for when an option is exercised.

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Furthermore, forcing the expensing of stock options will have a large, negative impact on American innovation, leadership and the creation of jobs, not only in the tech sector, but in many, many industries. The use of stock options allow the US to remain on equal footing when it competes against countries where technology and other industries are expanding and stock options are not required to be taken as an expense.

On a more individual note, I am not an executive, and never will be. I am one of the thousands of people in the high tech industry whose Stock options are a huge part of my compensation package as a rank and file employee. Without stock options, my family may not afford to save the money for things such as our house, retirement, college education and other major life events.

I truly hope that you will consider reversing your position on the expensing of stock options and allow them to continue to be treated as they have been in the past.

Kind Regards, Ande