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Letter of Comment No: 734 File Reference: 1102-100

From: lan Reddy [ireddy@cisco.com]

Sent: Tuesday, April 20, 2004 7:00 PM

To: Director - FASB

Subject: File Reference No. 1102-100, addressed to Chairman Robert H. Herz

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Mr. Chairman,

Based on the recent Financial Accounting Standards Board (FASB) draft plan stating that they intend to treat stock options as an expense, I am writing you to express my strong personal concern. I believe that the manner in which FASB is viewing stock options is flawed and will remove the win-win incentive presently available to employees receiving broad-based employee stock options. This could have a tremendous negative impact on American jobs, technical leadership, innovation, and the U.S. economy.

The stock options I've received make me feel like a part owner of my company and have allowed me to see the results of my ideas and hard work. I have more of a stake in my company and my future. Also, stock options benefit the shareholders of my company, because employees are rewarded only when share prices rise.

If you look at the specific accounting issues you will see that the FASB will ultimately eliminate a tool that has driven innovation and productivity for many companies by assigning an artificially high valuation for stock options. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised and stock options do not meet the definition of an expense because they do not use company assets.

Please consider the impact that this change would have on the American corporate leadership and economy and STOP THIS ACTION before harm is done. In today's economic environment, the number one rule should be 'first, do no harm'.

Regards, Ian Reddy