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From: Randy Pond [pond@cisco.com]
Sent: Thursday, April 22, 2004 1:40 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference #1102-100

Dear Chairman Herz,

I am sending you this quick email to register my disappointment at the current proposal around stock options expensing. I would like to offer some points to support my opposition to the current proposal:

- first and foremost, I fail to understand how stock options represent an expense, as they do not consume corporate assets
- the true cost of an option is already fairly represented in the diluted earnings per share calculation
- the current proposed valuation method will effectively eliminate the issuance of stock options at public corporations which will reduce our competitiveness in the areas of innovation and creativity
- at a time when the U.S. public is clamoring over the outsourcing of jobs overseas, this expense ruling has a much greater impact on U.S. companies' competitiveness globally, potentially reducing even more jobs here in the U.S. This is further exacerbated by the fact the Chinese are now allowing stock options, with no required expensing.

I recognize that with the recent major examples of corporate abuse at companies like Enron, Tyco, and others, there is a cry from the public for changes. Stock option expensing should not be one of those changes. It will not solve the executive financial abuse we have recently seen. Even worse, the most impacted people are going to be those well below the officer and director ranks, for whom stock options were a unique potential for creating wealth.

I urge you to rethink the current proposal and at a minimum limit the expensing to the leadership teams at public corporations.

Thank you for the opportunity to share my opinion.

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