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Letter of Comment No: 4220

File Reference: 1102-100

From: Alfredo Pereira (alpereir) [alpereir@cisco.com]

Sent: Thursday, June 10, 2004 8:30 AM

To: Director - FASB

Subject: File Reference No. 1102-100,

To: Chairman Robert H. Herz

Mr Chairman, I urge you NOT to expense stock options at an urealistically high valuation. There are several key factors to support this position,

The artificially high valuation for a stock option required by FASB will eliminate stock options as a fundamental tool used by US companies to promote employee loyalty, innovation, and productivity.

Stock options are not an expense because they do not use company assets.

The cost of a stock option is dilution of earnings per share which, is accounted for once the options are exercised.

U.S. companies need stock options to compete with foreign companies. Many foreign companies use stock options and they do not treat them as an expense.

Sincerely,

Alfredo Pereira

Milford, MA