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From: Sent: Dave Lambert [dlambert@cisco.com] Thursday, June 10, 2004 8:48 PM

To: Cc: Director - FASB dlambert@cisco.com

Subject:

File Reference No. 1102-100 - Expensing Stock Options

Dear Chairman Robert H. Herz,

I am sending this email to urge you not to expense stock options for a variety of reasons:

Letter of Comment No: 4211 File Reference: 1102-100

1. The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has been shown to dive innovation and productivity. 2. Stock options do not meet the definition of an expense because they do not use company assets. 3. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised. 4. U.S. companies need stock options to compete with other countries on a global basis. (e.g. Chinese companies use stock options and they do not treat them as an expense. 5. Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Thanks, David Lambert 63 Ball Hill Road Berlin, MA 01503