Stacey Sutay

Letter of Comment No: 394
File Reference: 1102-100

From: Gregory Annunziata [gannunzi@cisco.com]
Sent: Monday, April 19, 2004 3:59 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

In accordance to the stock option draft plan,

Accounting Issues:

* The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
* Stock options do not meet the definition of an expense because they do not use company assets.
* The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Competition:

* U.S. companies needs stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
* 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'.

I personally base my earnings and potential retirement plan around these options. Please see to it that this drafted plan never sees the light of day!!! It would destroy our economy.

Regards,

Greg Annunziata