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Letter of Comment No: 1156 File Reference: 1102-100

From:

Greg Abelar [gabelar@cisco.com] Sent: Friday, April 23, 2004 2:05 PM

Director - FASB To:

Cc: savestockoptions@cisco.com

Subject: Please reconsider FASB position on expensing stock options - File Reference No. 1102-100

Attn: Chairman Robert H. Herz

I just wanted to take a moment to ask you to re-think the FASB position to expense employee stock options.

In my opinion, if options are expensed, the impact will be severe. I believe all of the following are potential issues with the FASB proposal; - If options are expensed, Companies will no longer grant options. This will affect the income of thousands of Californians.

- If options are expensed, stock prices will likely fall with the reduced earnings. This will cause high losses to those individuals investing in the open stock market and also have a negative affect and many 401K accounts. This hits Californians right in the retirement gut. We certainly can't afford this given the potential for social security to run out of many is a few vears.
- Companies traditionally give options as rewards for progressive and innovative ideas. I believe if options are no longer granted that technical innovation as we know it will slow considerably. This will potentially affect Homeland security, Armed forces weapons development, telecommunications improvements, the space program and just about any technology that is required for a secure an progressive future.

Bottom line is that, considering Californias cost of living and technical leadership, if FASB has it way - the state will sink into an even deeper financial crisis, innovation will potentially stall and the entire nation will be impacted at some level. What is the upside, balancing the books for companies that don't give stock options anyway?

Please be smart. There have been no negative effects the way things are reported now. By passing this rules to expense stock options the impact is potentially severe.