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From: Sent: Jay Ward [jaywar@cisco.com] Tuesday, April 20, 2004 8:29 AM

To: Director - FASB

Subject: File Reference No. 1102-100

April 20th, 2004

Attention: Chairman Robert H. Herz

Dear Chairman Herz,

I'm writing to you in opposition concerning the FASB draft plan to treat stock options as an expense.

Letter of Comment No:873 File Reference: 1102-100

Broad based employee stock option plans have been and will continue to be one of the important catalysts of economic growth in the United States. By giving all employees at every level of the organization to earn and own a "piece of the company," the broad-based stock option plan fuel innovation, reward hard work, increase productivity and boost shareholder returns. Personally, the opportunity to earn stock options is one of the major motivators in my own position at my company. I would expect such is the case for my coworkers and others in our industry. They will provide me and my family with a way to meet our financial obligations now and far into the future.

The plan, as drafted, places an artifically high valuation on stock options. Stock options, by strict definition, do not meet the requirement of an expense because they do not use company assets. Further, the true cost of stock options is a dilution of earnings per share and is *already* accounted for when the options are exercised.

U.s. based companies need stock options to compete with other countries on a global basis. Beyond the fact that many other countries (read, China, etc.) do not treat stock options as an expense, requiring U.S. based companies to expense them will have dire effects regarding high-tech leadership, innovation and *especially* job creation. Stock options are a necessity to continue to attract and retain the best talent. The draft plan of the FASB will effectively stifle this ability of all U.S. based organizations.

For these reasons, which merely are the tip of the iceberg, I humbly request that you do *NOT* follow this plan and expense stock options.

With best wishes. I remain

Sincerely,

Jay Ward

Jay Ward - CISSP

Corporate Information Security - Cisco Systems, Inc.