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Letter of Comment No:3378
File Reference: 1102-100

From: Tony D'Annunzio [tdannunz@cisco.com]
Sent: Thursday, June 10, 2004 11:55 AM
To: Director - FASB
Subject: File Reference No. 1102-100

To: Chairman Robert H. Herz, Financial Accounting Standards Board

Dear Chairman Herz,

Stock options are a very good way to include employees in the future success of their company. I don't believe stock options should be expensed when issued as no expense is realizedat that time. I believe options should be expensed when exercised.

Any changes in how options are handled should be focussed on excessive options granted to senior executives at favorable prices. I believe all employees whether they are senior executives or first level employees should be offered options on the same terms and conditions. The number of shares in the option should be based on an employee's perceived value to the company and should be factored into the overall performance/compensation policies. Some limitations on the number of shares offered might be useful. One such limitation might be to define a range of shares to purchase in an option for a particular paygrade(similar to the salary range for the paygrade). The ratio of the upper and lower limits of the range of options offered to senior employees vs those offered to junior employees should track the ratio of salary for senior employess vs salary for junior employees. Such a policy would help assure that senior executives are not abusing their power by providing stock compensation that is inconsistent with salary compensation.

Rules governing the offering of stock options, if enacted, should be handled by the SEC.

Thanks for your consideration,

Anthony D'Annunzio