Letter of Comment No: 3370 File Reference: 1102-100

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From: Michael O'Connell [moconnel@cisco.com]

Sent: Thursday, June 10, 2004 11:45 AM

To: Director - FASB

Cc: savestockoptions@cisco.com Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am sending this e-mail in order to voice my concerns about the current FASB plan to force companies to expense employee stock options.

As a first level sales manager at Cisco (certainly far from a high paid executive) I can personally attest to the fact that Cisco's broad-based employee stock option program was singularly responsible for my ability to afford to send 2 of my children to the University of Colorado. If not for my Cisco stock options, the cost of tuition for 2 children in college simultaneously would have been beyond my reach.

Unfortunately the press has not been forthright in representing the positive impact that stock options have had on millions of average Americans. I am concerned that all the focus is on the benefit of options for executives while the changes being proposed would actually hurt the rank and file worker the most (exactly the group that should be protected).

In addition, I am concerned about the current FASB plan for the following reasons:

- 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.

Sincerely, Michael A.O'Connell

Michael A. O'Connell

Regional Manager - Owest

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