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Sent: T

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Subject: File Reference No. 1102-100, Chairman Robert H. Herz

In a culmination of observations, the following will likely be the outfall of expensing options. This will not only cause all the cases sighted for new option grants (average employee compensation, retention, motivation) but will have a further eroding effect on the entire set of outstanding options in the tech industry. As has been seen in other tech companies that have migrated to expensing options, they will:

Letter of Comment No: 1475
File Reference: 1102-100

- Require that all over-water options be exercised within 90 days.
- Require that all underwater, vested options would to be sold to a Wall Street banking firm for pennies on the dollar. For example options at \$30 strike price would be sold for \$0.02 each based on the current fuzzy math. Note that other companies have done this, others have simply out-right cancelled the options.
- No new options will be handed out. The ESPP with the 15% discount will also be impacted by the ruling and ended (or revised). Employees would receive small grants of restricted stock instead.
- Further erode the American dream of working hard and receiving compensation based on level of effort

Effectively with the proposed legislation, existing options will become "effectively worthless" unless exercised when they are above water, and be culled if they are under water. Future grants will be made minimal in order to limit fiscal liability. I am both a shareholder and options compensated employee, and sincerely believe that this will negatively impact the entire U.S. tech industry and economy.

Thank you for your time, Ed Leonhardt