Stacey Sutay

From: Sent: William Reich [wreich@cisco.com] Monday, April 19, 2004 10:31 PM

To: Subject: Director - FASB File Reference No. 1102-100



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5215 Logan Ave South

Minneapolis, MN

2004-04-19

Dear Chairman Robert H. Herz -

As a recipient of stock options, I am writing to urge you to not treat stock options as an expense.

Letter of Comment No: 346 *

File Reference: 1102-100

Stock options are a symbol of America's global leadership in innovation and productivity. An attack on stock options is an attack on America's leadership itself.

Therefore, I implore you to not cripple my family, my industry, and my country with the unnecessary expensing of stock options.

I also understand that as chairman of the Financial Accounting Standards Board (FASB) you hold a concern for the public interest in matters of financial accounting and reporting. Below are 3 points on how stock options do not harm the public's interest, and to the contrary, benefit the public's interest. When making your decision, please take the following into account:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven America's innovation and productivity.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.
- Stock options do not meet the definition of an expense because they do not use company assets.

In summary, expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. Please make the correct choice to not expense stock options.

Should you have any further questions, please feel free to contact me at (612) 770-8066 or william@cisco.com.

Sincerely, William Reich