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Letter of Comment No: /6/2 File Reference: 1102-100

From: John Richard [jorichar@cisco.com]

Sent: Friday, April 23, 2004 9:13 AM

To: Director - FASB

Subject: File Reference No. 1102-100

To: Chairman Robert H. Herz

This message is to urge you not to expense stock options, 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.
- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Thank You in Advance

Metairie, LA 70001

John Richard

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