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From: Sent: Rob Zarrella [rzarrell@cisco.com] Wednesday, June 23, 2004 2:41 PM

To:

Director - FASB

Subject:

File Reference No. 1102-100

Letter of Comment No: 5230 File Reference: 1102-100

Dear Chairman Robert H. Herz,

Please help working families in the United States to be globally competitive in the high tech arena.

I am a software engineer employed at Cisco Systems in Massachusetts where I have had the good fortune of working with people from across the globe. A significant number of talented individuals come to America for post-graduate studies and remain here to pursue careers, become citizens and raise families. In addition to producing valuable contributions for the success of the company, they help spur the growth and innovation that has made America great.

U.S. companies need stock options to compete with other countries on a global basis. For example, Chinese and Taiwanese companies use stock options and they do not treat them as an expense. Other low-wage countries, such as India, are gaining in high tech employment and investment prompting numerous talented individuals to pursue careers outside of the U.S.

Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, employers have cut costs by reducing workforce and wages. Many companies have started to outsource jobs internationally and stock option expensing would be another reason to accelerate that trend. As the economy improves, employers will hire people in low-wage countries before increasing the workforce in the US.

The 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 and is already accounted for when options are exercised.

Market share prices directly reflect diluted earnings per share. Therefore, the cost of stock options is already reflected in the market price of stock. Additional expensing of stock options would in essense have the effect of stock options grants to be counted double.

Please help America be competitive by not expensing stock options.

Sincerely, Rob Zarrella