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From: Omar Abuabara (oabuabar) [oabuabar@cisco.com]
Sent: Tuesday, April 20, 2004 7:39 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing to urge you NOT to expense stock options, especially at an unrealistically high valuation. Stock options have helped me and influenced my work tremendously. Every morning I am motivated to make a difference in this company that I have stake in. This ownership and the financial benefits that can come out of it are a huge driving force and one the reasons our company is so successful. In addition, they help align us with shareholders' interests which is key. I have listed a couple key points below as well that are strong reasons against expensing stock options.

1) Competition:

- U.S. companies needs 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'.

2) Accounting Issues:

- 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.

Please feel free to contact me if you have any questions.

Thank You,

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