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Letter of Comment No: 1238
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From: Fowzy Shacker [fshacker@cisco.com]
Sent: Wednesday, April 21, 2004 12:22 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Please reconsider Stock Option expensing

Dear Sirs,

I would like to voice my opinion against forcing corporations to expense their stock options granted to their employees. I have followed discussions on this topic and have come to the conclusion that expensing options is not accurate and does not necessarily protect share holders who approve of the stock option grants anyway.

I also draw your attention to the following issues:

- 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.

Regards,
Fowzy Shacker
Cisco Systems

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