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From: Sabeel Ahmed [sabeel@cisco.com]

Sent: Wednesday, April 21, 2004 11:11 AM

To: Director - FASB

Subject: File Reference No. 1102-100

To

Chairman Robert H. Herz.

Dear Mr. Chairman,

I am writing to ask you not to expense stock options.

The high tech industry and I personally have benefited greatly from broad-based employee stock option programs which distribute stock options to all levels of employees in an organization. My employer, Cisco Systems, Inc. has a built a strong company with committed workforce partially based on its intelligent, transparent and fair-minded distribution of stock options as incentives. Employees at Cisco approach their jobs as owners and know that their efforts to improve the company's performance will enhance the value of their stake in the company as well as that of millions of other shareholders. Cisco is a great example of the power of stock options. Eighty percent (80%) of the stock options distributed by the company are distributed to first/second line managers and individual contributor employees. This type of distribution would not be feasible if stock options were to be treated as an expense.

A strong example of how creating employee-owners through the distribution of stock options has benefited Cisco shareholders is that even with the recent downturn, a dollar invested in Cisco stock in January of 1995 is worth $11 today. This is a phenomenal rate of return based on the company's great performance fueled by employees with a strong sense of ownership in the company.

The true cost of stock options is dilution of shares, which is factored in when options are exercised. Expensing it the way FASB is proposing will force companies to stop issuing stock options which will have a huge negative impact not only at the rank and file employee level, but also american high tech leadership at global level.

I urge you to please take a closer look at it and decide not to expense stock options.

Thanks
Sabeel Ahmed

4/21/2004