

From: Suneetha Sarala [suneetha@cisco.com]
Sent: Wednesday, June 23, 2004 4:35 PM
To: Director - FASB; savestockoptions@cisco.com
Subject: To Chairman Robert H. Herz - File Reference No. 1102-100

Dear Chairman Hertz,

This is to humbly request you to reconsider your place to treat stock options as an expense. If companies are forced to stop giving out stock options like they do now, all of us employees will be badly affected. These are my personal reasons for thinking so:

1. In Cisco, majority of the stock options are owned by employees. Stock options give me a sense

of belonging in the company. I work very hard every day to make Cisco bigger and better. I

feel a personal pride in our accomplishments. Being part of a company that takes innovation

to the levels that Cisco has done is the best incentive I can ever get. Why would you take

that away from me? Why would you relegate me to the status of an "employee" with no

interest in the company whatsoever?

2. What would you accomplish by doing this? If this is a fairness in accounting issue, the dilution of

EPS which is the cost of stock options is already accounted for when options are exercised.

3. In a place like the San Francisco bayarea that is very expensive to live in, considering that

high-tech salaries have gone down in the last few years, the only reason I have been able to

purchase atleast my tiny home, is stock option. I can think of sending my daughter to a

good college because of the options. There are so many other things they give me.

Why would you deny these things to me?

4. Stock options make things equitable by allowing us to share in the success of our company.

Otherwise the bosses at the top level would get richer and the employees wont get anything.

5. There are companies in other countries who give out stock options and dont have to

expense them. If a US company finds that they have to pay so much more for a basic employee

incentive, wouldnt they just farm out jobs to other countries? Surely losing more jobs is the

last thing we need now.

6. Even if a US company decides to stay here inspite of the increasing cost of doing business, how

would they survive in the marketplace?

Please reconsider your plan to force companies to expense stock options.

This is not a question of government vs big giant (rich) companies. This is government vs us

middle class folks, trying our damndest to make a decent living.

Thank you for taking the time to read this,
Suneetha