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Letter of Comment No: 4219
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From: Surjamukhi Chatterjea [surchatt@cisco.com]
Sent: Thursday, June 10, 2004 11:14 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100, "

To Chairman Robert H. Herz
Financial Accounting Standards Board

Dear Sir,

In late March, the Financial Accounting Standards Board released a draft plan stating that they intend to treat stock options as an expense. This is a matter of concern to me, because in a depressed economy stock options are one of the biggest motivating factors for employees. I strongly believe they increase productivity and encourage retention of talent.

I do not know how it is possible to come to come up with an accurate model for stock option valuation. Stock options do not really meet the definition of an expense because they do not use up company assets. Furthermore, the true cost of a stock option is dilution of earnings per share and this cost, I believe, is already accounted for when options are exercised.

Tech companies need stock options to fuel growth, America needs stock options to compete globally (Companies in other countries such as China use stock options but do not treat them as expenses).

Most people I know in Cisco, including rank-and-file employees such as myself, work extremely long hours, including weekends, when we usually end up working from home. Is it not but right that we should see enjoy some fruits of our labor?

I respectfully request you not to pass legislation that would require the treatment of stock options as expenses.

Sincere regards

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