Len Tatore

From: Anirban Roy [anroy@cisco.com]
Sent: Wednesday, April 21, 2004 3:42 PM

To: Director - FASB

Cc: savestockoptions@cisco.com; Anirban Roy

Subject: File Reference No. 1102-100

To,

The Chairman Mr. Robert H. Herz Financial Accounting Standards Board (FASB)

Dear Sir,

I am writing this email in regard to the FASB released draft plan last month that it intends to treat stock options as an expense.

Letter of Comment No: 1408

File Reference: 1102-100

A significant portion of my compensation at Cisco is in the form of options. These options represent my future hopes of buying my first home in San Jose and sending my kids to the college. It motivates me to work better - in a manner that aligns my interest with the long term interest of the Company and its shareholders' holders.

If expensing is implemented by the FASB, I fully expect that my employer Cisco will stop offering, and rescind all outstanding options to its employees. I imagine a Cisco in which no more employee stock options are handed out, and in which all of your existing options are suddenly rendered valueless as a result of this FASB plan. This is my vision of the future.

The stock options I've received make me feel like a part owner of my company and have allowed me to see the results of my ideas and hard work. I have more of a stake in my company and my future. Also, stock options benefit the shareholders of my company, because employees are rewarded only when share prices rise.

Apart from these above my personal hardships and opinions, I also want to draw your attention to following key broad issues as well -

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.

Competition Issues:

- * U.S. companies need 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'.

Hence, I hereby sincerely urge FASB not to expense stock options, especially at an unrealistically high valuation.

Thanking you!

Sincerely,

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