

Len Tatore

From: Vikram Devdas [vdevdas@cisco.com]
Sent: Wednesday, April 21, 2004 5:34 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am writing to you as an employee of Cisco Systems Inc. on the issue of stock options expensing. Sir, as an employee and an engineer the only way a person can make a comfortable living and continue to work for a large company like Cisco is Stock Options. These options are often the only carrot an employee has in a large company to be innovative. The day we start expensing stock options will be the day when a massive harm will be done to all the non-executive employees of all high-tech companies.

In the US these options have most often been used to attract the best engineers in the world to come together to create great products and to provide jobs to hundreds of thousands of people. If we cannot provide stock options to the employees, most employees will get demoralized because they wont be able to even afford a house in California. There will be a massive exodus of jobs and talent to the third world countries

like India and China. The chain reaction of this loss of jobs is that our economy will be slower to recover in the long run. I think this is counter-productive and will cause more misery for the people of America. Lets not forget, the high-tech community has been the bedrock of development in our country - from the Atom Bomb to the Personal Computer to digital communications. Lets look around. High tech innovation from the United States touches everyone's lives. You probably are using a PDA or at least a cell Phone. These innovations were made possible by incentivising the engineers in the U.S. from all over the world with stock options.

Sir, with all due respect, please reconsider the stock options expensing plan. One should not expense options if one has not made any gains on them yet. Yes, when the options have been exercised, the gains should be expensed for the real value of the gain rather than making it an accounting nightmare otherwise.

Please be more friendly to the employees of US Companies and to the proud citizens of America.

Thank You

Vikram Devdas
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