

**Stacey Sutay**

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**From:** Fred Zarghami [fzargham@cisco.com]  
**Sent:** Monday, April 19, 2004 6:40 PM  
**To:** Director - FASB  
**Subject:** Chairman Robert H. Herz

Dear Chairman Herz

I am in wiring this memo to give my support *in keeping the stock option* available to American workers, especially in High Tech companies. Following is what addresses some of concerns that has been raised

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:

- U.S. companies needs 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'.

We have been working very hard and continue to work hard to bring the best technology advancement that our county and the world expect from us. Please help us by using your influence to keep the stock option available as part of compensation for American workers

Thanks  
Fred Zarghami  
Customer Solution Manager  
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