Letter of Comment No: 1340
File Reference: 1102-100

Len Tatore

From: Swapna Yelamanchi [syelaman@cisco.com]

Sent: Wednesday, April 21, 2004 6:41 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I'm an employee of Cisco Systems, Inc and I'm sending this email to request you not to expense stock options,
especially at an unrealistically high valuation.

* 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.
* 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'.

From a personal front, a good portion of my compensation at Cisco is in the form of options. These options are
kind of our savings in this gloomy economy. They represent our future hopes of sending our kids to college etc.

I really would like to reiterate my request for not expensing stock options!
Thanks
Swapna