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From: Chirag Shroff [cshroff@cisco.com]
Sent: Friday, June 11, 2004 11:59 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Letter of Comment No: 3414
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Dear Chairman Robert H. Herz,

The high tech industry and I personally have benefited greatly from broad-based employee stock option programs which distribute stock options to all levels of employees in an organization. My employer, Cisco Systems, Inc. has built a strong company with committed work force partially based on its intelligent, transparent and fair-minded distribution of stock options as incentives. Employees at Cisco approach their jobs as owners and know that their efforts to improve the company's performance will enhance the value of their stake in the company as well as that of millions of other shareholders. Cisco is a great example of the power of stock options. Eighty percent (80%) of the stock options distributed by the company are distributed to first/second line managers and individual contributor employees. This type of distribution would not be feasible if stock options were to be treated as an expense.

A strong example of how creating employee-owners through the distribution of stock options has benefited Cisco shareholders is that even with the recent downturn, a dollar invested in Cisco stock in January of 1995 is worth \$11 today. This is a phenomenal rate of return based on the company's great performance fueled by employees with a strong sense of ownership in the company.

I have done trading in options market and from that experience know that method like Black and Scholes are not fair when it comes to figuring out value of Employee Stock Options that I have.

Stock Options are important to me and the future of my family. Expensing of them will certainly change my families future plans. Stock Options allow employees like myself to send their children to good schools or provide for their well being, to continue to benefit by bringing a culture of ownership to their work. Also, Stock Options will protect the global competitiveness of American companies, by putting the United States on equal footing with company's in India and China for example, that offer broad-based employee stock options programs.

Once again, I urge FASB, Please do not make companies expense Stock Options.

Sincerely,

--Chirag Shroff

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