Letter of Comment No: 3726 File Reference: 1102-100

ikon

From: Sarkar, Shantanu [ssarkar@cisco.com]

Sent: Thursday, June 10, 2004 1:49 PM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: File Reference No. 1102-100, addressed to Chairman Robert H. Herz

Dear Mr Herz.

I am writing this email to you in order to express my support for stock options. You will have received many emails and letters which talk about the accounting issues, but I do not intend to discuss those ad infinitum. Also, I do not support stock options which are handed out to an old-boys' club of high-ranking corporate executives at the expense of the shareholders.

So what do I support? I support broad-based stock options - the sort of options which help employees to believe they are part of a company, not merely workers. We are talking here about an organization that is totally different from the Industrial-Era "us and them" managers and workers model. I have been a worker, and a manager here at Cisco, and have seen the benefits of options from both sides. I own a house in the Valley today, thanks to the options I got when I joined Cisco. If I didn't get those options, I would not have had any stake in the company, and might have quit during the boom days of 2000. I didn't leave because I feel like I am a part-owner of Cisco.

The question that arises is - why do you need options for this? Why not use expensing, or even hand out shares outright, like Microsoft is doing? The answer is simple. In order to have meaning, the amount handed out needs to be able to make a difference in a person's life, and the amounts of shares handed out by Microsoft, or those that will be handed out post-expensing, are simply too small to matter.

Another thing - we talk about outsourcing a lot, and worry about jobs going abroad. Right now the key engineers and designers we need are still here in the Valley. Foreign companies do not need to expense options, so all you need is a foreign company in the Valley which hands out options left and right, and can hire the best people away from local companies. They do not even need to be outside the US - all they need is a corporate office in the Bahamas, and they are immune from the FASB laws. Once we lose the really good people we have to other countries, the game is pretty much over and Silicon Valley will be finished for all purposes. The FASB would have been the one that killed off American high-tech - is that really what you want?

Regards, Shantanu Sarkar