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Letter of Comment No: 4245 File Reference: 1102-100

From:

Govind Sharma [gosharma@cisco.com] Saturday, June 12, 2004 2:30 PM

Sent: To:

Director - FASB

Cc:

savestockoptions@cisco.com

Subject:

FASB released a draft plan regarding treating stock options as expense

Dear Chairman Robert H. Herz,

I have strong objection to this plan as treating the stock options as expense will have the following negative affect:

- 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'.

So please reconsider this and do not implement this plan.

## Thanks

- Govind Sharma Cisco Systems, Inc, San Jose California.