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Letter of Comment No: 717
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From: Jag Kahlon [jkahlon@cisco.com]
Sent: Tuesday, April 20, 2004 5:59 PM
To: Director - FASB
Subject: Please save stock options

I am deeply distressed by the recent decision by the Financial Accounting Standards Board (FASB) stating that they intend to treat stock options as an expense. Considering the high cost of living in the bay area, this was somehow a compensation in the long term which an employee could look forward to.

- It is highly debatable as to why stock options are being expensed, they do not use company assets.
- In any case stock options are diluting to the earnings per share and are already accounted for when options are exercised.
- Options give a boost to the employee morale and build a bond between employee and the company.
- Expensing stock options at the high rate proposed will cause a dramatic impact to American high tech leadership, innovation and job creation.

Please let us consider this carefully and not expense stock options.

Thanks
Jag Kahlon

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