

lkon

Letter of Comment No: 1538
File Reference: 1102-100

From: Savitha Rao [savitha@cisco.com]
Sent: Thursday, April 22, 2004 4:43 PM
To: Director - FASB
Subject: FAS 123 : File Reference No. 1102-100: ATTN: Robert H. Herz

Respected Sir,

Stocks options are a very important and vital part of the incentive and reward package for employees. Employees work very hard to make their company successful.

The stock options are one of the main motivating factor for employees to work extra hard to make the company successful. A successful company will make the employees successful because of the stock options.

A significant portion of my compensation at Cisco is in the form of stock options. These options represent my hopes of sending my kids to college in the future.

If expensing is implemented by the FASB, I anticipate that most tech firms will stop offering, and take-back all outstanding options to/from the bulk of their employees.

Hence, I urge you to NOT make "expensing of stock options" into LAW because this will force companies to discontinue this very fundamental incentive and motivating tool.

Thanks,
Savitha