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To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: Please Save Employee Stock Options

Sensitivity: Confidential

Chairman Robert H. Herz Reference No. 1102-100

Subject: Please save employee stock options

Sir.

I would like to tell you my personal opinion and how stock options makes a big difference for me.

Before joining Cisco, I had offer letters from three top US companies (Lucent, Nokia and Cisco) with more or less same compensation package.

However, I joined Cisco only because of the good employee stock options and hearing from my friends in Cisco on how stock options give you

a high overall benefits and an internal urge to work better. I always use to think of working towards beating our competition like Avaya and

others during my work. We still make jokes among colleagues that if we add this feature in our product, then it will make it a killer app

and it will "beat avaya". These kind of feelings comes only if you own something in your company via stock options. Think about it

if I don't own anything in Cisco, what will be the motivation for me to "beat avaya" ???? I will just come to office, do my usual office work,

do something that will increase my career value because that is the way I will get more financially. But the difference now is that I think

and work towards making the products successful and beat our competition.

Isn't that a big reason ??

I hold a big patent in the field of IP Telephony and I truly believe that innovation is very difficult if we do not have stock options.

I strongly urge you to think about the following:

Accounting Issues:

- 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.

Competition:

- U.S. companies needs 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'.

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