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Sanieev Desai [sandesai@cisco.com]

Letter of Comment No:803
File Reference: 1102-100

 From:
 Sanjeev Desai [sandesai@cisco.com]

 Sent:
 Wednesday, April 21, 2004 12:31 AM

 To:
 Director - FASB

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: File Reference No. 1102-100 <<< SAVE STOCK OPTIONS

Importance: High

Chairman Robert H. Herz,

I would like to urge you not to expense stock options, especially at an unrealistically high valuation. I only reason I chose to work in Silicon Valley and high tech industry is stock options. Without it I can't afford the high cost of living in Silicon Valley and I can't be motivated to work harder. To keep a U.S.A.'s edge in high tech entrepreneurship, stock options are critically important.

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'.

Sincerely, Sanjeev H. Desai