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Sent: Monday, April 26, 2004 3:05 PM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: File Reference No. 1102-100

To,

Chairman Robert H. Herz, Financial Accounting Standards Board.

Sub: File Reference No. 1102-100

Sir,

I have been working as a Software Engineer at Cisco Systems for the past 5 years. Widespread employee ownership has been a part of Cisco's culture which has helped drive up employee motivation and productivity. This sense of ownership helped keep the employee satisfaction extremely high, even during its toughest years.

Letter of Comment No: 1996 File Reference: 1102-100

I urge you not to expense stock options, especially at unrealistically high valuations. If preventing executive fraud is the foal, some steps can/should be taken to account for the *executive* options more conservatively.

These are some of the key issues I see with your proposals:

- 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.

Thanks a lot for your consideration,

Shantharam Nekkar

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