Letter of Comment No: 450 File Reference: 1102-100

Stacey Sutay

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Sent: Monday, April 19, 2004 7:04 PM

To: Director - FASB; pmanthra@cisco.com

Subject: File Reference No. 1102-100

To, Chairman Robert H. Herz

Please do not pass the rule to expense stock options as that severely limit the number of stock options given to the employees and will also affect the stock participation plan. As an employee, i really depend on the stock options and the stock participation plan to help us financially to afford good home and good education for our children and in general good quality of life in the most expensive state in the country.

In addition, you need to also consider the following before you pass this rule:

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'.

thanks very much, praneetha