

**ikon****Letter of Comment No: 1162**  
**File Reference: 1102-100**

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**From:** saad hasan [saahasana@cisco.com]  
**Sent:** Wednesday, April 21, 2004 10:27 AM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

Chairman Robert H. Herz

Dear Sir,

I am writing to you in regards to the recently released draft plan by FASB which would treat stock options granted to employees as an expense. My intent in writing to you is based upon certain reasons which I believe would leave the American workforce at a disadvantage in comparison to some of the other countries which are competing for already scarce jobs in this age of globalization.

My personal experience at Cisco has been extremely rich and rewarding. I say rewarding simply because I have been part of a company which is a globally recognized leader in many innovative technologies and due to this aspect, it has helped me grow immensely as a professional engineer. I take pride in the way Cisco has become a benchmark of performance, ingenuity and integrity. I believe the biggest reason for Cisco to have been such a success is that we have been able to draw quality talent to come and work for us. The quality of the Cisco workforce has been made possible simply due to the way Cisco rewards its employees.

I would like to bring your attention to a few issues that I believe should be considered with regards to the FASB draft plan. Firstly, companies such as the one I am proudly a part of use stock options to compete with other countries on a global basis. The fact that the new FASB draft calls upon US based companies to treat allocation of stock options to their employees as an expense means that we have to compete in an extremely tough global economy with our hands tied behind our backs since the same rules do not apply to companies bases in other countries. This is going to hurt the US economy in the short term as well as in the long term since hiring and retention of good talent will become a major challenge.

Secondly, the proposed artificially high valuation for a stock option as required by FASB will eliminate stock options as a tool which has driven innovation and productivity in companies such as mine. This issue will directly impact the performance of US based companies when reporting their earnings in comparison to foreign competitors who are not bounded by same sort of legislations.

Lastly, I would humbly request that you and your peers consider the increasing unemployment in the US and the growing number of jobs that are being sent offshore to foreign countries. The current trend is simply due to the fact that it is cheaper to do business outside of the US. If this proposed draft takes effect, the impact on the US jobs would be considerable as it will speed up the process of jobs leaving our country and leaving the other countries to reap the benefits at the cost of American jobs.

Dear Sir, I would urge you to **not** allow the expensing of stock options, and that too at an unrealistically high valuation. We as Americans need to look out for the jobs in this country first!

Sincerely

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