

Stacey Sutay

Letter of Comment No: 387
File Reference: 1102-100

From: Ritesh Bansal [ribansal@cisco.com]
Sent: Monday, April 19, 2004 8:12 PM
To: Director - FASB
Subject: Please do NOT expense stock options (File Reference No. 1102-100)

To:
Robert H. Herz
Chairman, FASB

Hello Robert:

This mail is to detail how expensing stock options would be harmful for the industry by giving my personal positive experience as an example. i have been working with Cisco for three years now - and has been grateful to Cisco's philosophy of broadbase employee stock options.

Being an owner of the company that i work in gives not only a good reason for me to perform my best but also helps me in monetary ways. These reasons - productivity improvements and the better overall monetary gains - keeps the high-tech industry in US ticking - and it is far better than anywhere else on the planet.

We surely do not want to give up this lead to other countries like that happened in manufacturing. This will have other negative impacts like thousands of people losing their jobs (it happened in early 80s and continued in 90s for manufacturing).

Also stock options are not really an asset to the company which should be expensed by the company. On the other hand the company takes a hit with EPS going down when the stock options are exercised. Take an example of Cisco which has used its hard-earned cash to buy-back those stocks that would be exercised by its employees.

If you still believe that stock options be expensed, i would suggest that it be limited to companies who give stock-options to only the top management or may be stock-options given to say 5% top management be expensed in any company or a similar rule.

i hope that this mail may have an impact on the final decision that be made. and i hope that we take a right step by not killing the high-tech industry in the country.

thanks,
ritesh

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