

Stacey Sutay

From: Dennis Kurian [dkurian@cisco.com]
Sent: Monday, April 19, 2004 5:30 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Stock Option Expensing

Letter of Comment No: 190
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Dear Sir or Madam:

My name is Dennis Kurian and I work for Cisco Systems as a regular engineer. I think expensing stock option is a bad idea especially in case of Cisco where they offer 80% of their stock options to regular employees. You will not be able to address the executive compensation issues by expensing stock options. There may have been few bad CEO's who may have taken advantage of stock option but expensing it will just cause companies like Cisco NOT to offer stock options to regular employees; stock options will still be handed out to top management, the regular guys will now be deprived from getting stock options.

When I came to Cisco I had other competitive offers on the table with much larger salaries but I took Cisco's offer just because they were giving me an opportunity to own a piece of the company. I work much harder because I feel like I am a part owner of the company and I believe everyone in Cisco works extra extra hard because of stock options, if everyone in Cisco works extra hard, the productivity per employee goes up, resulting in a higher share price, resulting in capital gains and the end result is that the government will also get their share in capital gains taxes collected from the regular folks like us.

Expensing stock options will simply deprive us (the common folks) from receiving stock options because the 20% of the stock options that's being issued to upper management today will still be issued even if you expense stock options. I believe issuing stock options to every employee is very good because it keeps the company's labor cost low and productivity very high because everyone in the company has a vested interest in working hard to improve the stock price.

So, I would encourage you guys to reconsider the expensing of stock options please.

- thanks