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From: Sridhar Venkateswaran [svenkate@cisco.com]
Sent: Wednesday, April 21, 2004 5:25 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100, stock option expensing.

Letter of Comment No: 1382
File Reference: 1102-100

To Chairman Robert H. Herz and others reading this email.

I am a "lowly" and "rank-and-file" software engineer at Cisco Systems.. and the stock options expensing plan that the board is considering will affect me and my family in a very direct way by hitting at my family's bottom line.

While u have the recent excesses of CEO and executive excesses.. u must keep in mind that rank and file employees at companies like Cisco Systems get a good amount of their compensation in the form of stock options. and while it is true that they don't get expensed when they are granted.. they are accounted for when they are exercised and when i pay tax on the non-qualified stock options.

If the expensing of stock options is enforced.. u will inadvertently and surely get us back to the days when only top management will get stock options and we will be left to our salaried earnings. The success of Cisco Systems comes not from the top management making lots of money.. but with the chance given to engineers like me to make some money in the market by keeping the carrot of stock options in front of me. Thats the reason for my working late hours and weekends and holidays for the chance to get better stock grants year after year.. and thats the reason for the productivity growth of Cisco which has led to its remarkable stock prices.

If u want to enforce certain laws.. certainly do so.. but make them reasonable. Unlike Cisco, some other companies have re-priced their stock option grants.. those are unfair to non-employee stock holders. those could be regulated. but please do not enforce unreasonable expensing of stock options as the current draft plan proposes as that will only result in smaller amount of options being granted.. and while executive management won't feel the pinch of losing a few 10s of thousands of option grants.., us engineers will feel the pinch of losing our grants of 1000-2000 shares that we get every year.. which are vested only over a period of 5 years.. which is how long we keep accumulating those shares.. and which is how long we keep working harder.. and the golden handcuffs on us keep us improving the bottom line which ultimately helps every shareholder. After all.. any new rule is trying to help the non-employee shareholder and what better way to help them.. than asking the employees to work harder. ?

Regards.
Sridhar Venkateswaran.
Software Engineer
Cisco Systems.