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Letter of Comment No: 3745

File Reference: 1102-100

From: Ron Hinderer [rhindere@cisco.com]

Sent: Thursday, June 10, 2004 10:23 AM

Sent: Thursday, June 10, 200

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: File Reference No. 1102-100 - To the attention of Chairman Robert H. Herz

Dear Mr. Chairman,

My company, Cisco Systems, has just brought to my attention the movement which is underway to treat stock options as an expense. This movement threatens the very foundation upon which the technologic superiority of the United States is built; namely the motivation for engineers to continually innovate new products in order to raise the bar for competing products (both domestic and overseas). While a good engineer must enjoy his work, they must also provide for their families future. Given the bleak outlook of the social security system with respect to providing retirement income, many engineers view stock options as a way to build equity for the future. This includes not only retirement income but college tuition and medical expenses. I can tell you that from my personal perspective, the stock options I have received are a VERY important part of my financial planning and retirement planning. In addition, they are a source of motivation and hope when faced with difficult technical challenges and sales opportunities.

If this movement succeeds, the far reaching negative impact to our country's future will far outweigh any perceived benefits. Please put an end to this movement and protect this cornerstone of the United States' competitive advantage.

Sincerely,

Ron Hinderer Systems Engineer Cisco Systems, Inc.