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From: Scott Guest [sguest@cisco.com]
Sent: Thursday, April 29, 2004 12:47 PM
To: Director - FASB; savestockoptions@cisco.com; Stacey Suley
Subject: Letter Expressing Dire Concern re: Stock Options Expensing

I am writing this letter to FASB to express my grave and dire concern regarding the proposal for expensing stock options that FASB is submitting. As I understand it, the FASB proposal would require companies to expense employee stock options based on valuation methods that are applicable to market-based option which is grossly inaccurate due to the differences between employee stock options and market-based ones.

Under the proposed FASB stock option expensing requirements, U.S. companies will be at several competitive disadvantages relatives to the international companies that will still be able to offer employee stocks which will threaten more US jobs to off-shoring. Companies that now offer broad-based employee stock option programs will offer much fewer options or eliminate those programs at together impacting their ability to attract and retain strong talent needed for business success.

As an employee of Cisco Systems, I can tell you first hand of the benefits of a broad-based employee stock option program has had for me personally. Participation in the employee stock option program was a major factor for me deciding to join Cisco more than 5 years ago. It has given me a stake in the success of the company strongly encouraging me to work harder and smarter and given me a voice in the direction of the company as a share holder. Since Cisco gives 60% of the stock option grants to non-executive level employees, I have benefited financially in ways that I could not without the stock option program. This participation has afforded me the opportunity to provide health care for my elderly parents, provide a quality education for my children, contribute to charitable organization and the list goes on.

Without broad-based stock options, Cisco would not be the quality place to work that it is, and its ability to offer jobs will be negatively impacted.

Thank you for your honest consideration,

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| Scott Guest |
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