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Letter of Comment No: \$72

File Reference: 1102-100

From: Sent: Steve Markey (smarkey) [smarkey@cisco.com] Tuesday, April 20, 2004 8:22 AM

To: Tuesday, April 2

Subject:

File Reference No. 1102-100.



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Honorable Chairman Robert H. Herz,

I am writing you to urge you not to expense stock options.

The financial reason for my coming to work for Cisco Systems five years ago was due to the opportunity that options would offer. Employee ownership has been a part of the Cisco culture since day one. We all contribute to Cisco's success and we should all benefit when the company is successful. The basic tenet of employee ownership is now under fire.

I have personally seen the motivating effects of employee stock option programs. Owning options makes me feel like I have a real stake in the success of my company and increases my dedication and long-term commitment to my work. Stock option programs are also good for shareholders because employees are rewarded only if our company's stock value increases. In the past, my stock options have enabled me to improve my quality of life in meaningful ways. Even when my options are "underwater," I feel personally tied to the success of my company.

Stock options give employees at all levels a stake in the success of our companies. They encourage the hard work and entrepreneurial spirit that fuel innovation, increase productivity and boost shareholder returns.

This country was built on those fundamental tenets of hard work and entrepreneurial spirit, and those tenants continue in full force in today's workforce, and are one of the special and unique things about living in the United States. Stock options continue in that tradition, helping add to the great things that make living and working in our country so special. I believe it is a mandate the our country needs stock options to continue to compete successfully with other countries on a global basis.

We need to protect broad-based stock option plans, and ask that you find a better alternative to the mandatory expensing of all employee stock options. I believe that if companies are forced to expense all employee stock options, my company will no longer be able to grant them to the majority of employees. This would negatively impact morale, productivity and innovation.

Thank you for your consideration; your leadership in helping to save stock options would be greatly appreciated.

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