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**Letter of Comment No: 165**  
**File Reference: 1102-100**

**From:** RSTEWART402@aol.com  
**Sent:** Tuesday, April 20, 2004 1:58 PM  
**To:** Director - FASB  
**Cc:** RSTEWART402@aol.com; savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100

Dear Chairman Robert H. Hertz,

I am writing this email to you and the FASB to request that you do not support the expensing of stock options. I have been a Cisco Systems employee from almost six years. I can tell you that the model of salary, bonus and stock options as compensation has worked very well for me. Since neither the bonus nor any option appreciation are guaranteed, we must all work harder to ensure the company's success. As an "owner" I take pride in doing a good job for my customers, my company and myself. Cisco has been able to compensate me fairly based on that model.

When I first started here, Cisco provided the lowest starting salary and bonus package of the 5 offers that I had but, it had the biggest upside if I bet on myself to do well. I was willing to risk share for the potential upside of this decision. The ability share in my company's success has paid off for myself and my family. With the compensation, I've been able to pay off almost 2/3 rds of my mortgage, provide a sizeable contribution to my daughter's college fund and to be able to add more monthly to my 401K savings account. All of this would not have been possible without stock options and my willingness to have confidence in my abilities. For this, I am very grateful to be working here at Cisco.

Chairman Hertz, I understand that in today's environment with some high profile corporate corruption cases, that the public feeling is to stomp out all ambiguity and loop holes. In this case, expensing stock options at a high value would hurt the majority of the average employees here at Cisco and ultimately not solve your real issue of accurate/fair corporate reporting. With global competition being a reality, company ownership is a major incentive to drive and motivate employees. I believe it ultimately makes the American workforce more competitive.

In closing, I believe my company to be an excellent model on reporting our true financial status. If the FASB decides to place of a high expensing value on options, it will hurt us long term as the benefits of options will be reduced and jobs will be driven overseas.

Thank you for your consideration in this matter.

Sincerely,  
Robert H. Stewart  
402 Neuse Ridge Drive  
Clayton, NC 27520