

Stacey Sutay

From: Rodney Dunn [rodunn@cisco.com]
Sent: Monday, April 19, 2004 9:15 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Letter of Comment No: 307
File Reference: 1102-100

To the attention of Chairman Robert H. Herz.

Dear Mr. Herz,

I would like to take a short moment to express my concern over the expensing of stock options. One of the major things I feel people are missing is the sense of ownership it gives to an individual working at the company. That strong sense of commitment not only drives employees to work harder but also reminds them of the benefit to be frugal. This ends up actually benefiting the shareholders more than can possibly be quantified.

I've personally seen this as a MAJOR contributor to the work ethic of people at Cisco Systems Inc. The motivation of the employees here to manage cost and service the customer to the highest level is a direct factor of stock options being received at the lowest level in the company and NOT just to the highest employees in the executive positions.

To expense options in a way that will force companies to stop giving them out due to how it will show up on reports when the mechanism to account for them is widely debated in the financial circles would be a bad thing for the technology industry.

I also personally feel that the individual contributors are being penalized if stock options are expensed due to a select few high power executives that abused their positions and have been in the media and court rooms over the last year. Don't penalize the companies that work very hard and with high integrity to accurately reflect the financial status of the company.

Thank you for considering this feedback in the decision process in this regards.

Sincerely,
Rodney Dunn
Cisco Systems Inc.