Stacey Sutay

Letter of Comment No: 456 File Reference: 1102-100 Brian Hiltscher [bhilt@cisco.com]

From: Sent: Monday, April 19, 2004 4:25 PM To: Director - FASB

Cc: savestockoptions@cisco.com

File Reference No. 1102-100, attention Chairman Robert H. Herz Subject:

Dear Mr Herz.

When I came to Cisco Systems about 4 years ago, I noticed something very different about this company. Virtually everyone that works here is extremely motivated for the company to succeed. I attribute this in large part to the stake that each individual employee has in the company. When Cisco Systems does well, each employee is rewarded. I was actually blown away at the kinds of lengths that each employee went to in order to save the company money, for example such as using fewer supplies, finding the cheapest air fare/hotel rooms when travelling, not buying unneeded equipment, etc. These are the kinds of things are usually reserved for entrepeneours, who have a true stake in the success of their business. I am also continually amazed at the kind of dedication I have seen to ones tasks & the kind of help I've received on my own tasks. This kind of company spirit comes, I believe, in large part from the Cisco stock option plan.

I have worked at other companies where people paid huge sums for travel, wasted supplies needlessly, etc. These companies really offered little or no motivation for an individual to go the extra mile for the success of the company. I personally believe that these broadbased option plans are responsible in large part for the huge successes in the high tech industry.

I am aware of the current plans of the FASB to require expensing of stock options at an artifically high value. I just don't understand attaching an expense to something that is really not a company expense, and something that really doesn't have any value until it is possibly exercised years in the future. After all, what is the value of an option to buy a share of stock in the future at a particular price ? That option may or may not be worth something in the future. I've asked myself, what would I pay for someone else's stock options in another company ? Would I be willing to pay the current market value of the stock ? I don't believe anyone in their right mind would do that. Perhaps a betting person would wager a few pennies on the dollar, but chances are they would lose their few pennies.

I personally have not benefitted financially yet from my stock options, however, I continue to be highly motivated to help the company succeed because I have them. My personal belief is that there will be a huge negative impact on the economy if broadbased stock options are expensed at unrealistically high values because employers will no longer be able to offer them. I believe that companies will continue to offer options to their execs regardless of the outcome of the expensing issue. This is definitely hurting the little guy, like myself, but for the worse, it will negatively affect my children as more jobs are shipped overseas to India and other countries where these laws do not apply.

I realize that many people were hurt because of the unscrupulous actions of execs at Enron and other such companies. Why not expense their (the top execs) options but allow companies to still provide a certain number of options/employee/year w/o expensing them ? How could that hurt investors as long as they are aware of the companies option policy and how many options have been issued, etc ?

You consideration into this matter is much appreciated. I believe there

is a lot at stake here and that there will definitely be more negative affects associated with expensing options than the status ${\tt quo.}$

Regards,

Brian Hiltscher

Software developer, Cisco Systems