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From: Ray Castillo [raycast@cisco.com]
Sent: Tuesday, April 20, 2004 8:23 PM
To: Director - FASB
Subject: Chairman Robert H. Herz - File Reference No. 1102-100

Chairman Robert H. Herz,

I request you decline expensing stock options as there are a number of items/resources that are affected (negatively), including, but not limited to:

- Cisco employees & families - standard of living
- Morale within Cisco
- Incentive for employees to exceed goals/results.
- Ownership of company - personal commitment to its success.
- Economy - personal stock options exercised/sold usually results in large items purchases (homes, automobiles, vacations).

The home I live in today is a direct result of stock options given to me by Cisco Systems. We have a beautiful two-story house in which we entertain friends, family, church gatherings, out-of-town visitors. Our last vacation (Florida) was a direct result of Cisco stock options. My daughter's college education will be partly funded by company issued stock options.

Lastly, I will share a story with you.

My wife works for a company based in Dallas (I will not disclose the name of the company). She told me of a company-wide meeting held by their CEO/CFO/VPs. The meeting was to inform employees of the company's past performance, its positive outlook and rising profits - to "encourage" the workers as morale is at an all-time low.

At the end of the presentation one young man stood up and asked if any of the company profits would trickle down to employees in the form of bonuses or stock options? It was explained, in so many words, the employees get a Christmas party.

Stunned silence.

Then my wife stood up and informed them how Cisco Systems, a company much larger than theirs, rewards employees with stock options & bonuses. She informed them of the high morale of the employees and unmatched dedication to the company success because of these privileges. "Cisco cares & shares with their employees." was her final statement.

Ovation.

The Castillo household ask you to reconsider and decline to treat company issued stock options as an expense.

Thank you,

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