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From: Hoffman, Cindy [cihoffma@cisco.com]

Sent: Tuesday, April 20, 2004 6:15 PM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: Please Keep Current Stock Options Policy

To: Chairman Robert H. Herz FASB

File Reference No. 1102-100

Dear Sir,

I am a concerned citizen writing to you about the matter of expensing stock options. I am convinced that the best course of action is to leave the stock option program as it exists today, unhindered by any reform that will further increase the "middle class misery index" as defined by the democratic candidate for US presidency John Kerry.

As a member of the "middle class", I feel fortunate to be employed by one of the best companies, Cisco Systems, and take pride in owning part of the company as a share holder. I join thousands of my coworkers and friends at Cisco in our efforts to make the company profitable and stable, not only because we like our jobs, but because we share in the profits Cisco makes, through yearly stock option grants. We know the company's success is our success, and understand that our daily thoughts and actions not only contribute to the health and welfare of Cisco the company, but to our own well-being, and the well being of our families, communities, and nation.

Following are some considerations that support the argument to keep the stock option program:

## Accounting Issues:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- Stock options do not meet the definition of an expense because they do not use company assets.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options
  are exercised.

## Competition:

- U.S. companies needs stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

My family and I - as well as my Cisco colleagues I am sure - are looking forward to the your support to continue the current stock option program unchanged. Thank you for your consideration.

Sincerely,

Cindy Hoffmann Program Manager Cisco Systems San Jose, CA

Cindy Hoffmann Program Manager

4/21/2004

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