Len Tatore

From: Mark Hamberlin [mhamberl@cisco.com]
Sent: Wednesday, April 21, 2004 4:14 PM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: Stock Options - File Reference No. 1102-100

Dear Chairman Robert H. Herz, I would like to urge the committee considering the expensing of stock options to vote against this action. Stock options have been a considerable draw to my employment at Cisco Systems and my living in the silicon valley area. I find that I am very tied to company performance and feel a part of the success/failure of the business. I specifically moved away from a couple of private companies to a public one because of the risk-reward challenge and the personal investment I wanted to make. In short, the use of stock options fosters a drive to perform and achieve.

Letter of Comment No: 1357

File Reference: 1102-100

Expensing stock options will dramatically decrease if not stop altogether the practice of distributing stock options throughout the organization. It will eliminate the sensitivity we have to company performance...because we are not as directly tied to the results. The worst part is, the company will be negatively impacted by inaccurate, imposed calculations of the option value. The proposed methodology cannot accurately predict the value and/or cost of the option without knowing when it would be exercised. So, this action would negatively and unnecessarily penalize the financial position of our company and hurt innovation, the lifeblood of our success. I would feel differently if there were a better logic as to why we would expense and a better calculation for the valuation. But without these, the consequences are only negative. It will slow/stop hiring and remove one of the key incentives to do well. Please do NOT proceed with expensing options.

Kind Regards. MH

Mark Hamberlin mhamberl@cisco.com