Len Tatore

From: Stacy Martin [stacym@cisco.com] File Reference: 1102-100
Sent: Wednesday, April 21, 2004 8:09 PM

To: Director - FASB

Cc: savestockoptions@cisco.com

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

Attn: Chairman Robert H. Herz

Dear Mr. Herz,

As an engineer working in the high tech industry I am deeply concerned and disappointed by the FASB draft plan to treat stock options as an expense. I am particularly concerned that the proposed method of valuation for stock options will make it difficult for companies to continue to offer broad based employee stock options.

I am not usually inclined to write letters to public officials but the serious impact that the draft plan will have on me personally moves me to do so. The FASB proposal strikes directly at my livelihood and my family's prospects for the future. As a middle class working person stock options have represented a tremendous opportunity for me to share in the success of companies that I have worked for.

The first company I ever worked for that offered stock options as an element of compensation was a startup called Fibex Systems. When Fibex started out it was a small company with no product and no customers - just some innovative ideas for a new telecom platform. When I joined Fibex I felt that I was taking a great risk. I left an established, stable company and a steady pay check to join in the Fibex venture which would require extremely long hours and weekend work and had yet to become a success. A large part of what made the risk and the hours worth while for me was the promise (in the form of stock options) that if we beat the odds and made the company a success I would share in that success. Without the motivation provided by stock options it is hard to see why individuals would take such risks and be driven to do work the long hours required to make a startup a success.

Now that I am at Cisco, stock options continue to be a highly motivating element of my compensation. I have never been so dedicated to an employer nor have I ever worked with a more professional and highly motivated group of colleagues in my career than I do now at Cisco. A significant part of what drives this dedication is the fact the I and my colleagues are all owners of Cisco. Since each Cisco employee is a shareholder in the company we are all very sensitive to the stock price and keenly interested in doing our part to add value to that stock. Through stock options Cisco has aligned employee interests completely with the interests of other Cisco shareholders.

It is refreshing to work at a company where employees genuinely interested in the company's goals and initiatives and strive to do their part to achieve them. I can tell you from my own 20 years of work experience that this is not the case at many companies. Without stock options many employees are just working stiffs putting in their time and collecting a pay check. In such companies employees greatest hope for the future is that they don't get laid off or at best that they might advance into one of very few top positions in a company.

Stock options provide an irreplaceable opportunity for employees at all levels to share in company ownership and build wealth and security for their families through that ownership. They are also an irreplaceable tool in aligning employee and shareholder interests. Please do not take this away from shareholders and hard working middle class Americans. I urge you

to reconsider the FASB plan to treat stock options as an expense.

Best Regards,

Stacy Martin Technical Leader Cisco Systems