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Sent: Wednesday, April 28, 2004 7:24 AM
To: Director - FASB
Subject: Expensing of Stock Options

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Dr Mr Herz,

I wanted to offer the opinion of someone who has worked for Cisco Systems for 6 years now. I chose to come to Cisco with the intention that the stock options would help me to have a more secure financial future.

I left a company that gave me options as well (Bank One) but not as many as I was going to receive by coming to Cisco. At Bank One, I was a minority - very few people in the company received options. At Cisco, I was one of the majority - almost everyone received options.

There is a huge difference in the attitude of employees when they know that they own the company. Everyone feels that what they do can have an impact on the bottom line. Even little things like which flight you take or which hotel you stay at on a trip pops is thought about. Employees will even govern themselves by reporting someone to their manager if they feel like that person could have made the trip cheaper. It is truly amazing to me the level of ownership that everyone in the company feels. I urge you to look strongly at not expensing options or at the very least make the expensing more accurate. Why not make it the top executives in the company whose options are expensed? Or find a different method to value the options that are granted? It seems unfair to assign a value on something that is speculative based on a price that may be reached sometime in the future. Don't penalize all of us because of the mistakes of a few high ranking individuals in companies that have been accused of excess recently.

I came to this company to be an owner and an owner is here for the long term. I would definitely have made a different choice if that were not offered to me when I came into the company.

The one question that sticks in my mind is "How fair is it to make Cisco expense the options they granted me 6 years ago when I have NEVER exercised even one share?" Thanks for your time, John