

Stacey Sutay

From: Jeff Davis (jeffrdav) [jeffrdav@cisco.com]
Sent: Monday, April 19, 2004 7:36 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Ref #1102-100

Dear Chairman Robert H. Herz,

I am a new Cisco Systems employee. When I was considering my job opportunities about five months ago, one of the main things that helped me decide to work for Cisco Systems was the Stock Option plan. I believe the stock option program allows Cisco, and other high technology companies in the U.S., to stay competitive worldwide. It brings the best talent available to the U.S. high technology companies, and gives them a stake in the company, motivating them to be as innovative, productive, and fiscally responsible as possible. These behaviors from U.S. technology company employees such as myself will drive America to be the leader in the high technology industry worldwide.

If the FASB rules to have stock options expensed, especially at such an artificially high valuation, these U.S. based high technology companies will have to eliminate the stock option programs. The expense will be too great to keep this program for innovation alive. Their worldwide competitors like companies in China, in the meantime, will keep their stock option plans, resulting in America's loss as the high technology leader. With the current state of the economy, why would that be a viable option at all?

I know as an employee at this great U.S. high technology company Cisco Systems, I have the company's best interests in mind, as well as the shareholder's. This drive to help the company is fueled in large part to the generous stock option plan Cisco Systems offers. I believe that if the company can succeed more, then I have an opportunity to succeed more, also. This is derived from more than just salaries, raises, and promotions. It comes from gaining more of a stake in your company through stock options.

I feel we have some of the best employees here at Cisco Systems in every area. We are able to compete with any worldwide technology company, but I fear that this will not be the case if the way companies handle stock option programs has to change in the proposed fashion. I'm asking you to please reconsider this policy to expense stock options at the high valuation, thus doing your part to keep our competitive edge worldwide, and to help bring the most talented of the workforce pool to work for U.S. companies.

Thank you for your time and dedication,

Sincerely,
Jeff Davis
Cisco Systems employee