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Letter of Comment No: 1484
File Reference: 1102-100

From: Kevin McAdams [kevinmca@cisco.com]
Sent: Thursday, April 22, 2004 10:17 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Against Expensing of Stock Options

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

I urge you to NOT adopt the practice of expensing stock options.

The first time I was granted stock options my father, a long time high tech employee, told me that I must be very valuable to the company as stock options are only granted to those that truly make a difference to the business. Since that time I have received several more option grants at various companies and each time I receive a grant I think back to that first grant. My family and I have used the options to help with a down payment on a home, a new car and to open a college savings plan for our new child. As a share holder I see stock options as a valuable tool to keep the company motivated and focused on driving shareholder value. Partly because of stock options every employee understands how product releases, news, customer sentiment etc. impact the share price and work at maximizing the benefit of every action.

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