

From: John Grogan [jgrogan@cisco.com]
Sent: Friday, April 23, 2004 5:58 PM
To: Director - FASB
Subject: File Reference No. 1102-100 attn: Chairman Robert H. Herz

Dear Mr Herz:

I am writing to request that you reconsider the position of treating stock options as an expense item. I am employed as an Engineer at Cisco Systems Inc. and I can definitely state that the stock options that I have been granted have affected me personally in the following ways:

- 1) Long term goal alignment with the shareholders. Since Cisco grants additional options on a yearly basis, I have options that will be vesting for many years to come. The decisions that I make on a daily basis take this into account. I'm very concerned about providing a good return to the shareholders.
- 2) Increased company loyalty. Even though I've had many opportunities to leave this company, I have chosen to stay here for almost 10 years because of the continued vesting of my stock options.
- 3) The income generated from my options has changed my life. Housing prices are extremely high in the Bay Area and I would not have been able to afford an adequate house for my family without the extra income from options.

As you know, this nation is undergoing challenges on many fronts now including employment. Companies are struggling to be competitive globally, and requiring them to expense stock options will only exacerbate this problem. Please reconsider your position. Thank you for your time.