

ikon

Letter of Comment No: 536
File Reference: 1102-100

From: Jeffrey Hayes [jehayes@cisco.com]
Sent: Tuesday, April 20, 2004 11:55 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Importance: High

ATTN: Chairman Robert H. Herz

Dear Chairman Heinz:

I am aware of FASB's draft plan to treat stock options as an expense. I urge you to re-consider this plan, especially if the potential new standard would result in an unrealistically high valuation.

The granting of options to all Cisco employees is a critical part of the Cisco's culture and has directly contributed to the success of the company. Almost every Cisco employee receives options. As a result, most employees feel that his/her contribution has a direct bearing on the stock price and the company's short and long term performance. Options foster teamwork, a sense of shared purpose, and delivery of world-class Customer Satisfaction. Options are the primary reason for Cisco's sustained success. I am concerned that FASB, government organizations, and other entities do not appreciate or understand the importance of a broad based stock option plan open to all employees of Cisco. Enacting rules or legislation that leads to the elimination of broad based option plans is a bad idea. It will reduce incentives for individual, team, and company performance.

On a personal note, I am the sole breadwinner in my family. I support a wife and three young children, plus a mother-in-law with cancer. One of the reasons I stay at Cisco is because of the options and my ability to reap personal financial benefit if/as the company performs and the stock price increases. Options allow me to afford a mortgage, save for college, and fund after-school activities for my children. If Cisco is forced to expense options, I am very concerned that I will be ineligible to receive them in the future. This would be a disappointing development.

Thank you for your consideration.

Regards,
Jeff

Jeffrey Hayes
Cisco Systems Inc.
Global Government Solutions
Business Development Manager
13600 Dulles Technology Dr.
Herndon, VA 20171

(703) 484-5777 (PH)
(703) 989-9101 (MOBILE)
(703) 935-2505 (EFAX)
jehayes@cisco.com
www.cisco.com
