ikon

From: Lisa Lockhart (llockhar) [llockhar@cisco.com]

Sent: Monday, April 26, 2004 10:21 AM

To: Director - FASB

Subject: File Reference No. 1102-100

Importance: High



InterScan_SafeSta mp.txt (296 B...

Chairman Robert H. Hertz:

I am writing to you to respectfully assert my feelings on the subject of expensing stock options and the negative impact it will have on Cisco and other companies like ours.

Letter of Comment No: 1964 File Reference: 1102-100

When I joined Cisco Systems, the technology "bubble" was about to burst (January 2001). The company was imminently going to need to weather a very tough economic time. During this time, the focus and dedication of the employees would prove paramount in Cisco's ability to weather the

storm. As I became integrated into Cisco, I witnessed a shift in the culture that was unsettling and scary for many of the existing employees. However, without exception, all of the co-workers I met and talked with regarding the changes going on around us, conveyed a sense of pride, ownership and determination in helping Cisco get through the economic and growth challenges facing us. I attribute a great deal of that sense of dedication directly to the "sharing of the company's success" that the broadbased option program has made possible.

I can't tell you how many times I have participated in meetings where a financial decision was being debated and the overriding and deciding factor was: "We are shareholders. What would our fellow shareholders want us to do?" The share in company ownership is a very strong factor in helping us to be even more thoughtful in our discretionary spending as well as making recommendations for spending funds on systems, programs, etc., that help Cisco to remain competitive and a leader in our industry. Further, strong companies like Cisco contribute to a more stable economy for the United States.

Although I own options that I could exercise at this time for an appreciable sum of money, I choose not to. I am here at Cisco for "the long haul" and I think of my options as an investment in my family's future and financial stability for the retirement years. However, many of my co-workers have been able to draw upon their options to make possible many significant and life-impacting situations such as the purchasing of a first family home or to care for an ill family member. Many of these would not have been possible were it not for their ability to draw upon the rewards they had received for hard work and dedication. I deeply believe that as a result, they are even *more* dedicated to Cisco and it's success. It is shared success.

Taking away a company's ability to share the success of the company with those who work so hard to make it successful will most surely prove detrimental. Sharing the ownership for Cisco is part of what makes our culture so unique. I ask emphatically that you DO NOT EXPENSE STOCK OPTIONS. Please let Cisco and other companies like us continue to cultivate a culture of ownership and pride in our companies and the products and services we produce.

Sincerely,

Lisa Lockhart IT Project Manager

"We must all hang together, or assuredly we shall all hang separately." -Benjamin Franklin