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**From:** David Hays [dahays@cisco.com]  
**Sent:** Tuesday, April 20, 2004 9:21 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** Stock Options - RE: File Reference No. 1102-100

Letter of Comment No: 564  
File Reference: 1102-100

Chairman Robert H. Herz,

I am an Account Manager and work for Cisco Systems, Inc. I've worked for Cisco since 1999 and wanted to let you know my personal view on the expensing of Stock Options at unrealistically high value. Since working for Cisco I have been granted approximately 49,000 options of which 30,000 have fully vested. Yes, most of these are still " under water" in terms of value however they serve to motivate me as a stock holder of the company, not only as an employee. Furthermore they may one day be worth considerable value which would afford me the opportunity to have " Financial Freedom". This is a potential retirement plan that could be worth considerably more than my 401K and ESPP programs of which I participate 100%.

I can assure you that having this much at stake really aligns my interests from a share holder value perspective meaning that I consider myself an owner of the company and as such this drives my personal choices that I make with regard to increasing shareholder value. I really can't imagine not having the opportunity to view what I do on a day in day out perspective without the equity interest that I currently experience today by virtue of the options that I currently have working for me.

I can also assure you that everyone within Cisco receives option grants which creates a synergy effect that is hard to imagine. This effect coupled with a Free Capitalistic Society is tremendous and something that every American should be proud to take advantage of. So why would we change this opportunity for everyone now by creating new account rules that overvalue future shares and require companies to expense these based on futures?

Regards,

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Major Account Manager

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