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Letter of Comment No: 1031  
File Reference: 1102-100

**From:** Peter Richards [prichard@cisco.com]  
**Sent:** Tuesday, April 20, 2004 12:58 PM  
**To:** Director - FASB  
**Subject:** Re. File 1102-100, Stock Options Expensing  
**Importance:** High

To: Robert H. Herz  
Chariman, FASB

Subject: Expensing Stock Options, File Reference Number 1102-100

Mr. Herz:

As a career employee in the high-technology industry, I am writing you regarding the pending FASB released draft plan stating that they intend to treat stock options as an expense. **I urge the FASB not to require the expensing of stock options**, especially at an unrealistically high valuation that is pending.

The availability of stock options has clearly contributed to my participation in this industry, and has markedly influenced who I have chosen to work for during my 25-year career with three technology companies. Each of these companies have granted stock options to drive productivity, employee behavior and aligned goals with all shareholders. Stock options have aligned my pay and incentives with that of all shareholders, with that of senior executives and with my own family objectives. Stock options have provided me with an incentive to be loyal to the growth and goals of these companies, and that of the US technology industry. At Cisco Systems, where I have worked for the last eight years, stock options are granted to all full-time employees and the majority of shares are granted to non-executives -- again, to align all employee incentives with that of the corporate goals and to drive overall shareholder value. Previous stock options that have been granted to me have been used to assist my family in meeting our financial goals and have been used to invest in my three children's college education.

With this proposed treatment of stock options, I can envision a day when the US technology does not attract or retain the best and brightest employees and is less driven by innovation and productivity. I urge you and other decision makers to not treat stock options as an expense.

Thank you for your Consideration,

Peter Richards,  
Cisco Systems, Inc.

4/20/2004