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*Letter of Comment No: 1783  
File Reference: 1102-100*

**From:** Eric Sackett [esackett@cisco.com]  
**Sent:** Saturday, April 24, 2004 8:03 AM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

Chairman Robert H. Herz,

It is my understanding that the Financial Accounting Standards Board has released a draft plan stating that they intend to treat stock options as an expense, File Reference No. 1102-100. I would like to express my concern about any plans to expense stock options. As an employee of Cisco Systems, I receive stock options on a regular basis both as a benefit and also as an incentive. I consider stock options a valuable tool for employers and a great benefit for employees. I have only worked at Cisco for a little over three years, but I have a considerable amount of stock options that I can exercise at anytime for a considerable profit. However, I do understand the risk as well, it is quite possible that the value of the stock could drop before I have a chance to exercise it. I also understand that if I leave Cisco I will no longer be able to exercise the options that I have been granted while employed with the company. I believe that without true risk, there is no chance for great reward. It is my belief that the current plan for expensing stock options creates an artificially high valuation for a stock option which will eliminate stock options as a tool which has driven innovation and productivity. It is my understanding that stock options do not meet the definition of an expense because they do not use company assets. The true cost of a stock option is dilution of earnings per share and is already accounted for when options are exercised. I would ask that you take this into consideration when making your final decision. I truly see this as a setback to innovation, and I believe the long term effect will be more lost American jobs as companies find they can do better business in foreign countries. This would be a major blow to the American Economy.

Thank you for your consideration,  
Eric Sackett  
Program Manager  
Cisco Systems  
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