

Stacey Sutay

From: Erik Alberts [ealberts@cisco.com]
Sent: Monday, April 19, 2004 6:32 PM
To: Director - FASB
Subject: To: Chairman Robert H. Herz, File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am writing to you to ask you to consider ruling to not have companies expense broad based employee stock options.

I'm taking the time to write to you because I feel strongly that this accounting ruling would be a mistake, for the following reasons:

1. The true cost of stock options are an increase in the shares outstanding of a firm. I feel that from an accounting point of view the exercise of options should be treated as any other issuance of company stock, as they are today.
2. Stock options do not meet the definition of an expense because they are a non-cash transaction
3. Expensing stock options is not a part of foreign accounting requirements - requiring US companies to account in this way hurts US competitiveness versus foreign companies
4. Requiring firms to expense stock options will almost cause most companies to eliminate issuing them altogether. This would be large step backwards for everyday American workers. I personally view my options as a chance to participate in a material way in the fruits of my labors for my company. Options were a major part of my decision to come work for Cisco, and are a major driver for the extra hard work and long hours I put in here above and beyond the hard work I've done for other companies which did not provide options. By disinciting companies to provide options to their rank and file employees, FASB eliminates one of the last great chances to prevent workers from being exploited by owners. Expensing options will widen the gap between the Rich and the middle class.

thank you for your consideration,

Erik Alberts
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