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**From:** Robert Boetticher (rboettic) [rboettic@cisco.com]  
**Sent:** Tuesday, June 15, 2004 10:53 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100

**Letter of Comment No: 4339**  
**File Reference: 1102-100**

Chairman Robert H. Herz,

I am writing you to urge you not to expense stock options, especially at an unrealistically high valuation. I have been an employee at Cisco Systems for over 7 years and my allocation of stock options has allowed me as an individual contributor and first line manager to feel a sense of ownership of the company I work for. The sense of teamwork at Cisco has a foundation built on employee stock ownership. We are all striving toward a common goal. Cisco's shareholders benefit from this enhanced teamwork through increased productivity and revenue.

Stock options have also allowed me to enjoy the rewards of a successful organization by purchasing my family's home and allowing my children to attend quality schools. Without my income from exercising stock options, this would not be possible. It is also allowing me to build for my family's future and my eventual retirement, making me less dependent on government assistance as I get older.

Accounting Issues:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- 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 (EPS) and is already accounted for when options are exercised.

Competition:

- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Thank You,

Rob Boetticher

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