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**Letter of Comment No:** 1641  
**File Reference:** 1102-100

**From:** Jeff Klaubert [jeff.klaubert@verizon.net]  
**Sent:** Tuesday, April 20, 2004 10:02 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com; tvanham@cisco.com  
**Subject:** File Reference No. 1102-100

Dear Mr. Herz,

This email is in regard to FASB's proposed draft on expensing broad-based employee stock options and focuses on the impact such changes would have to me as an individual contributor, a 'rank & file' employee, not an executive. First let me state that it is my belief that executives will continue to receive stock options and other incentives, that the proposed changes will have little to no impact on that class of employee. Secondly, that the proposed changes would create a very detrimental impact on 'rank & file' employees such as myself. I am a field sales engineer, I like my role within the company and I don't see it changing significantly in the foreseeable future. I am an individual contributor by choice and my input and efforts do make an important contribution to my employer's success or failure in the marketplace.

Broad-based employee stock options enable individuals such as myself to align their own entrepreneurial drive and financial success within the context and confines of a larger organization. We can impact larger initiatives by being part of a larger team and leveraging the synergies and economies of scale afforded corporate enterprises. We can feel confident that our individual contributions and intellectual capital are serving us personally as well as benefiting our employers because we have a very clear and quantifiable financial interest in the company separate from our earned wages. Broad-based employee stock options provide an incentive for individuals to invest intellectual capital and personal commitment in an employer rather than their own business venture. I believe this is a very important catalyst in creating and maintaining U.S. competitive and innovative technology leadership in a global marketplace.

To put it quite personally, if I don't have an equity stake in my own efforts I am less inclined to invest my best and most valuable input into someone else's company and more inclined to find ways to invest my time, energy and talents in my own venture. Stock options attract the best and brightest employees and provide an equitable trade for the best they have to offer. We all know that nothing is 'free', the best and brightest are not going to 'give-away' their intellectual capital in exchange for only a paycheck that primarily pays the bills.

Time honored adages generally have a fair degree of truth to them. One of those adages is 'You never get rich working for someone else', stock options provide a vehicle that enables employees and employers to combine the best of employment and equity ownership to achieve a greater good to all, including the stockholders. Employers will begin to loose the cutting edge they now command if they are not allowed to incent talent appropriately.

I urge you to reconsider the FASB draft and not treat broad-based employee stock options as an expense. China doesn't and they're one of our toughest competitors on a global scale. Requiring employers to expense options will hurt the individual contributors and diminish innovation. In the long run this is not a good thing for the stockholders or the country at large.

Thank you for considering my views on this important matter.

Respectfully Yours,  
Jeff Klaubert

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