

**Stacey Sutay**

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**From:** Jim Dodd [jdodd@cisco.com]  
**Sent:** Monday, April 19, 2004 8:21 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

Chairman Robert H. Herz,

I am writing to request that you make the decision to NOT expense stock options. As an employee of Cisco Systems, I have received stock options from my company. I am big proponent of stock options. They create a sense of ownership within the company. I hope to leverage the options to change the lifestyle of my family. I am concerned about the FASB draft plan stating that you intend to expense stock options. Additionally, I think the Black-Scholes evaluation method selected is not appropriate for stock options. Stock options are typically valued or have a life span of 5 to 9 years. I don't think the Black-Scholes takes this into account. I think the Black-Scholes method will create an artificially high valuation for stock options. I don't think that stock options actually meet the definition of an expense because they do not use company assets. The true cost of the stock options is realized in the dilution of earnings per share once the options are exercised. US companies need stock options to compete in today's global economy. Other countries, such as China, leverage stock options, and do not expense them.

In the end, if stock options are expensed, it will result in the company drastically cutting back on stock options and will impact the financial viability of my family. I appreciate your consideration in rethinking the expensing of stock options. I think there are other methodologies available to ensure appropriate corporate stewardship.

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