

ikon

Letter of Comment No: 1291  
File Reference: 1102-100

---

**From:** George Powers [gpowers@cisco.com]  
**Sent:** Wednesday, April 21, 2004 3:02 PM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100, addressed to Chairman Robert H. Herz

Dear Chairman Herz:

I am writing to request that you do not deploy a policy of expensing stock options. I have been a technical writer at Cisco Systems, Inc. for more than 8 years. Even though I had worked for several companies over the last 20 years prior to joining Cisco, I had never been offered stock options. I am absolutely certain that the issue of stock options to all Cisco Systems employees is an important benefit to ensure financial security and to motivate employees by giving them ownership in the company for which they work.

During my tenure at Cisco, I have used these stock options to purchase vehicles for my wife and children, and we will soon undertake a remodel of our home that will be paid for by the execution of stock options. These enhancements to our standard of living would not be possible without the stock-option benefit I enjoy as a Cisco employee.

In our highly competitive world, I believe that American companies need stock options to compete with other countries on a global basis. We are especially sensitive to competition from Chinese companies that offer stock options and do not treat them as an expense. Expensing stock options will have a dramatic, negative impact on American high technology leadership, innovation, and job creation. In today's economic environment, to require companies to expense stock options will only have a negative impact on American companies, and give foreign competitors an unfair leg up in the competition.

This negative impact is further compounded by the following:

- The artificially high valuation required by FASB for stock options will drive companies to eliminate stock options as a benefit that can now be offered to all employees.
- 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.

Requiring that companies expense stock options will only hurt American companies and American workers. Please do not implement this policy.

Thank you for your time and consideration.

--George M. Powers

4/21/2004