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To: Director - FASB

Subject: Company Ownership

## Chairman Robert H. Herz-

I am an employee at Cisco Systems and would like to tell you that Stock Options make a difference on corporate performance, customer satisfaction, and overall corporate citizenship in the community.

I would ask you to support the current method of accounting for stock options for the following reasons:

- 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.
- 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'.

## Regards,

Les Russell