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**From:** Stan Pottruff [spottruf@cisco.com]  
**Sent:** Monday, April 26, 2004 4:10 PM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** Expensing Stock Options - File Reference No. 1102-100

**Letter of Comment No: 1986**  
**File Reference: 1102-100**

Dear Chairman Robert H. Herz;

I am very disappointed to hear that, last month, the FASB released a draft plan stating intention to treat stock options as an expense and I urge you Not to expense stock options. In today's economic environment, the number one rule should be 'first, do no harm'.

Stock Options allow Employees to become part owners in their Future and the financial welfare of their families. The knowledge that they hold ownership of the Company and carry a responsibility for the Company and it's other shareholders creates a team member rather than Hired Hands. Employee ownership has been a core part of my company's culture from its foundation. The valuation proposed would make it difficult to continue broad-based employee stock option programs like ours.

Stock Options do not meet the definition of an expense, because they do not use company assets.

Expensing stock options would have a dramatic negative impact on the American Economy. It is my understanding that stock options Dilution of earnings per share (EPS) is already accounted for when options are exercised.

U.S. companies need stock options to compete with other countries on a global basis. The international trade repercussions that may result from this treatment of options will contribute to the already disconcerting exportation of American jobs overseas. Chinese companies use stock options and they do not treat them as an expense. In light of this, how will the FASB plan allow U.S. companies to compete with other countries on a global basis? I believe the expensing of options will have an impact on American high tech leadership, innovation and job creation.

Best Regards,  
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