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Letter of Comment No: 822  
File Reference: 1102-100

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**From:** Mike Coffin [mcoffin@cisco.com]  
**Sent:** Tuesday, April 20, 2004 4:15 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100 - Stock Option Expensing

Dear Chairman Robert H. Herz,

I would like to take a minute to express to you why expensing stock options in the manner proposed is not right. There is much talk about how stock options affect the earnings of the companies that issue them, and the plain truth is that expensing them the proposed way is known to be flawed. It does NOT reflect the true cost of the stock option, and any knowledgeable person will admit that. The justification given is that since there is no perfect way then any manner is better than nothing. That is a completely false conclusion to make. The ramifications of making this change are completely unknown to the legislative individuals making them, but I can tell you as an employee of a high tech company who stands to loose mightly in the aftermath of this, the ramifications will hit home in a very personal manner. When hired on part of our compensation packages included a small number of stock options, and with hard work and advancement there is the opportunity for more. I had multiple job offers to consider and the option package was key to my decision.

Having a vested interest in this company permiates through its very core. Every person here puts in 110% on every project because we are all part owners, and every quater we know if we've done good or not. Our customer service is second to none, and the level of commitment is higher than any other place I've worked. I don't know a single employee that does not love this company, and everyone here is willing to work anytime day or night to resolve a problem or assist a customer.

Employee ownership creates an environment unlike any other, where each employee knows they are directly contributing to the bottom line and helping the company as a whole succeed. We are now competing with every company on the planet, and our American based companies need every tool at their disposal to win these battles. This new legislation will do nothing but hurt our companies. I cannot stress to you enough how employee ownership changes a companies ability to attract, employ, keep and motivate its work force. I am not talking about a strict relationship to the amount of money is gained personally, but a kinderred spirit that is shared by each of us, around the globe, to make the company succeed.

I hope you fully understand the consequences of your actions because my family, and the families of all our employees will be deeply impacted by your actions.

Sincerely,

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