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From: mtelford [mtelford@cisco.com]

Sent: Tuesday, April 20, 2004 9:29 AM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: File Reference No. 1102-100

Chairman Robert H. Herz,

I learned today that FASB released a draft plan stating that they intend to treat stock options as an expense. As a regular employee, Engineer, within a high tech. company, Cisco Systems, it's essential that I'm treated as a part owner of the company for many reasons. I would like to summarize a few of these if I may.

- 1. I have two teenage boys with one of them at College. I don't quality for any federal aid for college and both of my sons are very talented. Sending them to university is a challenge for any parent but with cost of schooling up to \$45K per year for private and about \$10K per year for state it makes it a real challenge. Expensing stock options will most certainly stop MY company from issuing them to a regular employees such as myself. You therefore limit my options for my children's education severely.
- 2. I moved from Texas to North Carolina since Cisco systems provides their employees an incentive system that strives for them to excel. If we work to make our company a success then we automatically are successful since we are part owners of the company. Where is the incentive to work 150% if we are not considered part of the company? Taking away stock options through expensing, which is what you will do, in effect will reduce the competitiveness of a great American company such as Cisco. How may we compete with the rising Asian markets and attract the best talent without such schemes? Remember Chinese companies don't treat these as an expense and their employees receive stock options.
- 3. The fast majority of stock options in Cisco, and most high tech companies, go to the regular employee. Removing this option through expensing goes to the core of the company and not the upper echolance of the executive staff of which these changes were supposed to address.
- 4. Stock options do not meet the definition of an expense because they do not use company assets
- 5. The **true cost** of a stock option is dilution of earnings per share (EPS) and is **already accounted** for when options are exercised

I beg you to reconsider FASB's plans to expense stock options. It's not good for the economy, American industry and most importantly the American people.

With my best regards,

Mark Telford - Cisco Employee.