Letter of Comment No: 4/4
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## **Stacey Sutay**

From: Kevin McMullens [kev@cisco.com]

Sent: Monday, April 19, 2004 7:38 PM

To: Director - FASB

Cc: savestockoptions@cisco.com; kmcmullens@aol.com; kevin McMullens

Subject: Do NOT Expense Stock Options!!!

## Dear FASB,

I am writing to urge you <u>not</u> to expense stock options, especially at an unrealistically high valuation. In May of 1999, I left Hewlett-Packard, a company with a pension program to join Cisco Systems who does not have a pension program. One of the motivations for my joining Cisco Systems was the attractive stock options program that provided the possibility of substantial earnings depending on the success of the company. Now, if the rules change on stock options, I'm afraid that Cisco Systems and other companies will be forced to substantially reduce or eliminate the granting of stock options to their employees as part of their compensation packages. While I realize that the market in today's economy is very volatile, I also know that over the long term the stock market does very well. Since I'm not retiring in the next few years, I feel that I have plenty of time for the shares that I currently hold, as well as the ones I hope to receive in the coming years, to appreciate. I'm planning on using my stock options to fund the college expenses for my five children who currently range from ages 2 to 10.

If you expense stock options, Cisco Systems will probably not give out shares or will certainly substantially reduce the number that they grant each year. Please don't make this change. This will substantially undermine the motivation and incentive that has enabled the high tech industry to become a leading industry throughout the world.

I urge you NOT to expense stock options. Please help us preserve one of the fundamental drivers that has provided the motivation and initiative behind the entrepreneurial spirit that has made the high tech industry great. Stock options have provided the motivation and incentive behind many of the innovations that have come out in the high tech industry. We're not driven by greed, but rather by the opportunity to increase our personal wealth while working with others at Cisco Systems to develop high tech products for our customers. A win-win for Cisco employees as well as for Cisco customers.

Again, I urge you NOT to expense stock options.

Sincerely, Kevin McMullens Cisco Systems Program Manager

Kevin McMullens Program Manager Tech Group Ops Management Cisco Systems, San Jose, CA Email: kev@cisco.com

Phone: (408) 527-9644

<sup>&</sup>quot;Empowering the Internet Generation"