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Letter of Comment No: 3740 File Reference: 1102-100

From: Gregg Campbell (grecampb) [grecampb@cisco.com]

**Sent:** Thursday, June 10, 2004 1:24 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I DO NOT support expensing stock options for the following reasons.

#### Personal:

- One key ingredient in my decision to accept a position with my current employer is their excellent broad based stock option program. The incentive of stock options is a big part of the culture and provides financial opportunity for employees at ALL levels for long term retirement and healthcare planning. This is especially significant in light of the impending death of the governments ill managed Social Security program and rising healthcare costs.
- Stock options motivate me to take ownership in the products and services that I deliver. And through that effort I drive and shape the economic future as well as the technological leadership position of the United States of America.
- Shareholders benefit directly from my ownership position in this company. With motivational options in hand I strive to increase revenues and lower expenses in turn increasing shareholder value. I challenge you to find an employee at my level in an organization without an option incentive that considers or even understands shareholder value.

### Accounting Issues:

- 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.

#### Competition:

- U.S. companies need stock options to compete with other countries on a global basis.
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation.

# Regards,

Gregg A. Campbell