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Letter of Comment No: 3405

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**From:** Ronan Farren [rfarren@cisco.com]  
**Sent:** Friday, June 11, 2004 5:52 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** File Reference No. 1102-100, FAO: Chairman Robert H. Herz

Dear Mr Herz

I would strongly urge FASB not to treat stock options as an expense, especially at an unrealistically high valuation, but preferably not at all, because I believe it's unfair to do so and it also limits US companies and, in particular, US technology companies, to be competitive in the global marketplace.

Like it or not, technology is the way of the future in all facets of life, and the US stands to benefit the most having traditionally over the last 200 years attracted the best, brightest and determined to its shores to make it the social and industrial colossus that it is today. To avoid going the way of the Greeks and Romans, the US should be at the forefront of work on innovative ways to increase productivity, and to develop ergonomic, social, environmental, telecommunications and defense systems innovations that benefits all.

As we all know, working in technology is risky due to its inherent nature and rightly so there is a hire & fire mentality, because there has to be because technology companies must be nimble and flexible to survive. Therefore, to keep attracting talent to an industry that is not a stable environment, I believe it is fair to offer and potentially reward people with the prospect of options, which ultimately depends on the success of the company and is in no way guaranteed.

If technology companies were not to do this in a way that is easy and almost painless (if you ignore dilution) for them and their employees, I firmly believe a lot of us would take the safe and or lifestyle options of working in education, civil service, arts and literature, etc and while there would ultimately be a great benefit to the arts and to the social & educational fabric of America, there would be an event greater detrimental effect in loss productivity in the US, coupled with a greater outflow in the balance of payments to technology focused low cost countries, as well as a potential technology and technology education brain drain to these locations from the USA, and from there, who knows what effect this would have on the USA's overall world standing....

Therefore, to keep America, ostensibly the only free and open economy and democracy in the world, at the forefront of innovation in the 21st century, I believe you must not treat stock options as an expense.

Yours,  
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