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**Letter of Comment No: 680**  
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**From:** Steve Meany [smeany@cisco.com]  
**Sent:** Tuesday, April 20, 2004 3:06 PM  
**To:** Director - FASB  
**Subject:** Opposed to Stock Options treated as an expense

Dear Sir,

I am opposed to treating stock options as an expense. Treating stock options as an expense is wrong and lessen US companies impact in technology and other industries. Please read the following:

Accounting Issues:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- 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. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

My greatest fear and what should be this boards as well, is US innovation going overseas. 9/11 should have changed every US citizens view of allowing technologic innovation to be moved overseas. Allowing development of systems which run our lives to move overseas introduces unnecessary risk and potential disaster. Not to mention the impact this rule change would have on the economy. I predict a tremendous economic handicap will result sending the US into recession and possibly further.

I oppose expensing stock options! As an American citizen, I hope you do to.

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