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Letter of Comment No: 614  
File Reference: 1102-100

**From:** Shannon McFarland [shmcfarl@cisco.com]  
**Sent:** Tuesday, April 20, 2004 10:29 AM  
**To:** Director - FASB  
**Subject:** Just Say NO to Expensing Stock Options [File Reference No.1102-100]

**Importance:** High

Attention Chairman Robert H. Herz,

Dear Sir,

I would like to take a moment and let you know my feelings about the issue of expensing stock options. I feel that expensing stock options is wrong.

I work many, many hours a day to invest in my company. That investment is very important to me as I put every bit of energy I have into the company I work for...as if it were my own. This kind of entrepreneurial spirit lives in every employee I know that works here. We do it not for salary, but for the future of our company and the rewards that come with the successful future of our company. Stock options are the driving force behind the tireless effort and personal investment we all put into our work.

Stock options have allowed me to buy my first home, maintain a very low level of debt which allows me to contribute more to my savings and prepare for the day when my children attend college.

Stock options are the driving force behind innovation, technical leadership and the ability to recruit and maintain talented employees.

I am taxed each time I exercise my options and I understand why. I do not understand the motivation behind the expensing of options. I KNOW without any doubt that the expensing of options will FORCE my employer to give out options on a much more restricted basis which will, quite frankly, demoralize my teammates and I. I will not invest the time and effort I have in the past if my work is not met with reward.

Anyone who knows anything about business understands that you can never reward employees through salary like you can through stock. It is a fact. If the financial reason I invest so much into my work is removed, then I will not invest so much into my work. This will impact my company, my team, my family and my community as I will no longer be in a position to re-invest back in to the economy.

I hope you consider my comments and the thousands of others you are getting.

I see the expensing of stock options as another way to TAKE from hard working people that are the driving force behind our economy and our future.

Thank you,

Shannon McFarland