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**From:** Tom Meehan [tomeehan@cisco.com]  
**Sent:** Saturday, April 24, 2004 1:07 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100 Employee Broadbased Stock Options



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Honorable Chairman Robert H. Herz,

I am an Employee of Cisco Systems Inc. and I am writing this email to you to express my concern with the FASB's draft plan to expense Stock Options.

Stock Options are vital to me as they are one of the reasons I was drawn to work for Cisco Systems. I can look around me everyday and see the best of the best working here. The reason for this is that Cisco can attract and retain these top quality engineers with the understanding that if the company does well the employee will also reap the rewards. If the FASB expenses Stock Options this will most likely no longer be possible. Please don't penalize the "little guy" in Corporate America for earning his fair share through Stock Options.

Here are several other important reasons to consider:

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'.

Please consider these viewpoints and thank you for your time.

Sincerely,  
Tom Meehan  
8405 Bratt Avenue  
Wake Forest, NC  
27587