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Sent: Tuesday, April 20, 2004 12:36 PM

To: Director - FASB

Cc: senator@warner.senate.gov; senator@allen.senate.gov

Subject: Please protect my stock options

Chairman Robert H. Herz,

I am concerned about the moves in the Financial Accounting Standards Board to compel US corporations to expense stock options. The financial rewards, and the chance to truly accumulate wealth, offered by broad based employee stock options was one of the driving factors that led me to silicon valley in the 1990s - and the promise of those continuing options has kept me motivated and dedicated to a single company, Cisco Systems, for seven years.

Letter of Comment No: 989

File Reference: 1102-100

I am a first level manager at Cisco, never having had more than 5 reports, and yet have built a net worth of over a million dollars largely through careful management of the employee stock programs, both ESPP and Options. If that is not an American dream, I don't know what is. To be 40 years old, with my children's educational future secure and a comfortable home is something that brings tears to my immigrant grandparents eyes, and a proud gleam to my parent's. I have earned my way to this position after four years in the US Marine Corps, a VEAP supported college degree, and the willingness to head to Silicon Valley in 1990 without a job - just the certainty that something important was happening there.

I joint Cisco specifically for stock options. I had become a sales representative for another high technology company, and was earning well over \$100,000 annually, but not accumulating much wealth in hyper-expensive Silicon Valley. I saw people at Cisco doing just that through stock options - and pursued a job there for six months before securing one, Lest anyone think I was lured by easy money, most of my peers in the industry view Cisco as 'a grind' with high pressure and long hours the norm. They were right and I took a job offering less cash than I was earning at the time.

Stock ownership kept me motivated and productive through a time of layoffs and pay cuts, when I lost the team reporting to me, lost my 20% salary bonus and saw friends carrying boxes out the the car for the last time. Hopes for a good stock bonus continue to get me up at 2:00 AM to see if I can find some business in Asia, and reward me when I nightly respond to e-mails after my children are in bed.

As a stockholder, I think having to expense non-exercised options will add a great deal of volatility to earnings and therefore share prices. As stock prices rise and fall, earnings and net income could be dramatically affected completely out of relationship to a companies actual performance. Cisco deservedly enjoys a reputation for excellent financial management, and has an unmatched record of predictable growth and excellent communication to investors. Calculating the ephemeral effects of stock value into a quarterly report could make our earnings gyrate wildly - and force Cisco to cease issuing options on a broad basis. That would mean a very real loss to me and my tens of thousands of colleagues here at Cisco.

All this confusion and loss would serve no point. Earning transparency would not be improved - the vitality of EPS would force companies to eliminate broad-based options - and we would end up back where we started. Executive would still be well paid, CEO's will continue to negotiate lucrative pay contracts using both obvious and non-obvious compensation, and the biggest losers would be the rank-and-file employees and mid-level managers in the near term, and corporate health and competitiveness in the long term.

Please do not force stock options to be expensed under the $\,$ File No. 1102-100 before your board.

Respectfully yours,

-John Moore

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