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From: David Hokerson [dhokerso@cisco.com]  
Sent: Tuesday, April 20, 2004 8:04 PM  
To: Director - FASB  
Cc: savestockoptions@cisco.com  
Subject: File Reference No. 1102-100



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To Chairman Robert H. Herz:

The issue of expensing stock options is a significant concern to me. As an employee who receives stock options at a company that has had to submit their books for auditing in the wake of the accounting scandals that have plagued Corporate America, and not fallen victim to the same scandals, I still believe stock options do more good as they exist today without change and I encourage you and the FASB to not force the expensing of stock options. In my opinion, changing the way stock options are handled and forcing a company to expense them will result in the corporate executive still receiving stock options, but the regular employee, such as myself, will not. This will make it difficult for a company to align the goals of its employees with those of the investing public. Further, expensing stock options does not accurately reflect the true cost of those stock options. Dilution of earnings per share is a better and accurate measure of the true cost of stock options. Because of these two facts, the proposed change will ultimately hurt the investors you are trying to protect. Do not force the expensing of stock options.

Ownership of my company does encourage me to act according to the stockholders best interest, because I am also a stockholder and I also benefit from an increase in share price. Previously I did work for a company where I did not receive stock options and I can tell you with confidence that ownership does make a difference in the way I feel about my job and the way I approach my business. Now, our corporate image is important to me, I truly care about customer satisfaction, and I want to drive sales. At my previous company these were intangible to me, but now they are very real metrics that I want to make sure are the best they can be. These are important to the investor also because ultimately they drive up share price. Without a doubt, stock options are the way my company has aligned my goals with investor goals, and taking stock options away from me through forcing their expense will ultimately discourage employee behavior away from these investor goals. Keep employee and investor goals aligned. Do not force the expensing of stock options.

Also, I do believe the true cost of stock options is calculated into share price through dilution of earnings per share at the time they are exercised and that the proposed change of expensing of stock options will not be a realistic or accurate measure of the true cost of those options. The fact that my company did have to submit our books for auditing and we did not fall victim to the accounting scandals of the recent past proves that the current way stock options are handled can be done ethically and without misleading the public. By forcing stock options to be expensed, you are enabling the unethical decisions of a few to affect the lives of many more people than they have already hurt through forcing unrealistic expenses to be incurred on an accounting document when they should not be included as an expense. Do not force unreal expenses upon a company. Do not force the expensing of stock options.

I encourage you and the FASB to seriously consider the impact of forcing the expense of stock options, effectively mis-aligning employee and investor goals and introducing an inaccurate expense upon Corporate America. I ask that you choose not to change the accounting rules to force the expense of stock options. This will ultimately hurt the investors you are trying to protect with the proposed change. Please protect employees and investors and do not force the expensing of stock options.

Sincerely,

David Hokerson