

From: John Williams [johncwil@cisco.com]
Sent: Tuesday, April 20, 2004 6:39 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100: stock options cannot be reasonably expensed



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Chairman Robert H. Herz and FASB Representatives,

Please reconsider your position on expensing stock options.

Stock options are not an actual company expense. This is why companies issue them! They reward and motivate employees specifically without incurring actual expenditures which affect the future growth and actual earnings of the company.

The idea that underwater options could have been considered as an expense to our company just does not make sense.

Unfortunately, if FASB continues in this direction, the effectiveness and usefulness of GAAP accounting will decrease. How can Wall Street analysts, or the individual investor, interpret GAAP earnings reports including stock option expenses which may swing wildly up and down based on the market volatility of stock prices? Instead of GAAP, analysts and investors will need pro-forma earnings or other alternatives to determine the true measure of company earnings. Is this what FASB thinks is helping the investment community?

Why not keep GAAP as earnings as is, and require statements about stock options granted and their potential share price dilution? This is the real, true cost of the options.

As a software engineer, I have been granted stock options, but I have not exercised any. I am a long term investor in my company. As I do my job, I can say to my colleagues that speaking as a company shareholder, we need to get things right.

Many of my engineering friends and colleagues are unemployed now, and have been for awhile. How are American tech workers going to compete against those in low wage countries for future tech jobs? Using stock options, paid for by the shareholders, is the best way to help reduce the actual compensation expense by American companies, and keep those jobs here.

Thank you for your consideration,

John Williams