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From: Sent: David Cook [davidac@cisco.com] Monday, April 26, 2004 1:49 PM Director - FASB Letter of Comment No: 2004 File Reference: 1102-100

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Chairman Robert H. Herz

It has recently come to my attention that an effort is afoot to make stock options be accounted for as an expense. As a mid level engineer in a company that uses stock options extensively, I am very concerned with this decision. I fear it will severely limit the granting of options to the point were I no longer receive any. It should be noted that in an effort to reduce expenses, my company has frozen salaries for the last 4 or so years. My held stock options along with the promise of future growth is one of the primary things that has kept me motivated over the past years. Have they cost the company anything to give to me. Un-exercised and most under water, they have not cost Cisco I cent. How would it be right for Cisco to incur and expense when they are granted to me. It is likely in fact, some of these same options will expire un-exercised and underwater. Would that count as income commiserate with the granting expense? I don't think so and it just goes to illustrate the absurdity of the notion of expensing stock options.

The US government has already hurt me with regard to stock options in the past. I was faced with a multi hundred thousand dollar tax bill due to AMT. In order to pay this bill I was forced to sell the stock from all the exercised options and additional stock. I am not rich. That tax bill represented about 80% of my net worth. I know how to better mitigate this tax now and perhaps make back all that I lost. I will not have that opportunity if options become expensed.

Please do not make options something for only the upper management. Please do not expense options.

Sincerely, David A. Cook