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Letter of Comment No: 3052
File Reference: 1102-100

From: Tammy Jacobson [tammyj@cisco.com]
Sent: Wednesday, June 02, 2004 2:49 PM
To: Director - FASB
Subject: FAS123 Expensing of stock options

I am writing in opposition of the proposal for corporations to expense stock options.

I am an engineer at a technology company that uses a stock option program as an incentive program. It's a program that gives us pride in what we do each day. As an employee with Stock options I am a partial owner of my company, everything that I accomplish has a direct impact on Cisco's bottom line and the bottom line of my family finances.

One of the major issues I see with the plan to expense stock options is, how could a company accurately access the value of an employee's stock options, prior to those options being exercised. In my case, I have some options that I received years ago, that have exercise prices so far above the current stock value that I may never be able to exercise these, so essentially they are worthless and have been worthless for a number of years. If they were expensed when given, this would give an inaccurate picture of the value of these options to my company.

Another point is with most stocks there is an accruing period for the granted options. The stock options granted, at my company have a vesting period of 5 years. The first year I receive 20% of the original grant and then 1/60th of the remaining grant each month after the first year. So under the new proposed plan to expense stock options, if I were to leave the company before the vesting period ended. The company would still have had to expense the entire grant when given, here again giving an inaccurate account of the expense of the stocks.

The way I see it, is a stock's expense value, could only be accurately expensed at the time the stock is actually exercised, not when the stock is given.

If the proposal to expense stock options goes through, I feel my company will discontinue their stock option program. This concerns me since my company's retirement plan, to me, is their stock options program. I had planned to use, my stock options as my children's college fund and my pension plan.

If my company were to discontinue their stock option program. I would have to seriously consider moving to a different industry or relocating overseas (where they do not expense stock options) to attain the same earning potential that I had before the expensing of stock options.

I would like to ask that you reconsider the plan to expense stock options.

Thank you,

Tammy Jacobson