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Letter of Comment No: 1269
File Reference: 1102-100

From: Jim Shelton (jishelto) [jishelto@cisco.com]
Sent: Wednesday, April 21, 2004 12:37 PM
To: Director - FASB
Subject: Re. File 1102-100, Stock Options Expensing

To: Robert H. Herz
Chariman, FASB

Subject: Expensing Stock Options, File Reference Number 1102-100

Mr. Herz:

As a long time employee in the high-technology industry, I am writing you regarding the pending FASB released draft plan stating that they intend to treat stock options as an expense. **I urge the FASB not to require the expensing of stock options**, especially at an unrealistically high valuation that is pending.

I started my career 24 years ago working for the Bell System, and did not participate in any stock ownership plans. While I felt that I was given fair compensation and benefits at that time, I never really had a strong pull to feel like I could make a difference. Once AT&T started issuing Stock Options, and making Stock Purchase Plans available, my ownership increased, and my desire to "make a difference" increased along with it.

My wife began getting stock options at SmithKline Beecham well before me, and because of these options she was able to retire early so that she could stay home to support the development of our children. This would not have been feasible if we would not have had the nest egg built because of these options. The availability of stock options has clearly contributed to my participation in this industry, and has markedly influenced who I have chosen to work for during my 24-year career. I have notice that the companies who have granted stock options have employees who are happier, and driven toward success. They drive productivity, employee behavior and aligned goals with all shareholders. Stock options have aligned my pay and incentives with that of all shareholders, with that of senior executives and with my own family objectives. Stock options have provided me with an incentive to be loyal to the growth and goals of these companies, and that of the US technology industry. At Cisco Systems, where I have worked for the last four years, stock options are granted to all full-time employees and the majority of shares are granted to non-executives -- again, to align all employee incentives with that of the corporate goals and to drive overall shareholder value.

With this proposed treatment of stock options, I can envision a day when the US technology does not attract or retain the best and brightest employees and is less driven by innovation and productivity. I urge you and other decision makers to not treat stock options as an expense.

Thank you for your attention.

Very best regards,

Jim Shelton
Cisco Systems, Inc.