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From: Timothy Shockley [tshockle@cisco.com]
Sent: Wednesday, April 21, 2004 9:36 PM
To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 1252
File Reference: 1102-100

Chairman Robert H. Herz,

I'm a manager at Cisco Systems with responsibility for a team that supports half of the United States Cisco Capital. I'm confused as to how so many smart people can misread the connection between broad based stock option distribution and a minority of corporate leaders that have acted selfishly and unethically.

By punishing the companies that distribute stock options broad based to their employees rather than just to executives, the innocent are harmed. By punishing most of the hi-tech industry--which generally distributes stock options to most employees, we give hi-tech firms outside of the US a huge advantage in hiring the best talent in the States. Do we want the best innovators to work for non-US companies?

In addition, there is no common means to expense stock options from FASB that make sense? The Black-Scholes method is not close to accurately assessing the appropriate value to expense--and this is commonly accepted. This is as odd to me as anything...The intent is to punish unethical executives. Instead, FASB chooses to punish ethical companies that provide stock options to most of their employees--and furthermore, not understand how to appropriately expense them. I really struggle with how FASB can take itself seriously when it looks at the general marketplace--not just the Enron's of the world.

The reality is that stock option expensing seems destined to happen. In that case, expense the options given to the top 10 employees within a firm. Actually hold the folks you are trying to hold accountable--accountable. Let the innovators of the market remain innovators--and working for U.S. companies.

I have personally benefited from owning stock options due to the synergy it has created between my personal and the company goals. Those that I lead are very much motivated by stock options, and the benefits are distributed when our performance metrics are achieved.

Please do the right thing--focus on who can create the problems--not on doing away with something that can be used to keep US companies ahead of the competition.

Regards,

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