

ikon

From: Read Bell [rbell@cisco.com]
Sent: Thursday, April 22, 2004 1:00 PM
To: Director - FASB
Subject: Please don't expense stock options

*Letter of Comment No: 1514
File Reference: 1102-100*

File Reference No. 1102-100.

Dear Chairman Robert H. Herz,

I am a software development manager at Cisco Systems in San Jose, CA. In 1995, I moved to the SF Bay Area, which has one of the highest costs of living in the US, from Mobile, Alabama, which has one of the lowest costs of living, specifically to take this job at Cisco. One of the reasons I took this risk and chose Cisco was their practice of giving stock options to all employees, not just the top executives.

Letting individual contributors share in the success of a company is very motivational. I know I treat a house or a car that I own very differently from one that I am renting. Being a hiring manager, especially in a highly competitive job market such as software engineering, I found that stock options are one of the best ways to attract and retain the best talent. If companies are forced to expense stock options, especially using the inaccurate valuation methods being proposed, it will force them to stop giving options to all but a few people. In turn, that will have a huge negative impact on US companys' ability to compete for top talent with companies in other countries where stock options are not expensed.

On a personal note, my stock options at Cisco have enabled me to put away enough money to take care of my two teenage daughters' college expenses and buy a house on the gulf coast in Alabama (fully paid off), where my wife and I plan to retire. Without stock options, these would all still be distant dreams for me and my family.

In conclusion, I urge you to reconsider the plans to require companies to expense stock options. We are in a critical time for technology leadership in the US. Other countries are coming along fast in this area. If we are to maintain our leadership, companies need the ability to attract and reward their top employees at all levels with stock options. The FASB plan to force companies to expense stock options will jeopardize the US's ability to maintain its technology leadership position.

Thanks in advance for your consideration.

Sincerely,
J. Read Bell