

Len Tatore

From: Greg Seltzer (gseltzer) [gseltzer@cisco.com]
Sent: Wednesday, April 21, 2004 7:11 PM
To: Director - FASB
Cc: savestockoptions@cisco.com; 'Chris Schlereth'
Subject: NO to expensing Stock Options

To: Chairman Robert H. Herz

It is my understanding that FASB has recently released a draft proposing that stock options be expensed. I am compelled to express my opinion concerning the potential negative impact this will have on our economy, on the high technology sector, and on individuals such as myself.

In regards to accounting of stock options, it seems fairly arbitrary that a fair valuation can be developed for stock options that are not based on any tangible company assets and are based on unpredictable future events. The true cost of a stock option will be realized at the time that the stock options are exercised.

In regards to the competitive impact, stock options are an important incentive to attract talent to an entrepreneurial entity. I am of the strong opinion that our economic leadership is directly attributed to our technical innovation because it drives productivity improvements throughout the entire economy and lifestyle. It is essential to our country's ability to lead the world economy. We are already seeing high technology jobs being out sourced internationally due to the availability of highly educated engineers by deployed in lower cost oversea locations. If we take away the financial incentives from the highly motivated and skilled local workforce, those lucrative opportunities will continue to migrate overseas as well.

Even the Roman Empire fell. It is not inconceivable that the United States is vulnerable in a global economy from loosing its competitive advantage.

**Regards,
Greg**

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