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From: Dave Cesca [dcesca@cisco.com]
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To: Director - FASB
Subject: File Reference No. 1102-100

Letter of Comment No: 1977
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Dear Chairman Herz:

Expensing stock options threatens our national resource--technology. Silicon Valley, Dallas, Phoenix, Research Triangle Park and Boston, our hi-tech Meccas, will not attract the talent that drives innovation, creativity and resourcefulness associated with being on the leading edge of technology.

International competition, fueled by government subsidies and non expensed options, will overrun our current advantages in technology. People take great risks for great rewards. This is what our country was founded on. Determining the right "price/expense" of an option is impossible. The markets does a fine job of determining true value.

Economies in these hi-tech areas will slow down dramatically. I for one, who grew up not to distant from Silicon Valley, would not of taken the risk of leaving a high paying job to go to a start-up if it wasn't for attractive options. I went to a start-up, contributed to developing and selling a great product and were bought out by Cisco. This created a new vertical business unit within Cisco that created jobs and helped service providers and enterprise companies create intelligent, cost effective networks. If it wasn't for options I would not of taken that risk.

Expensing options will dilute EPS (may not be that dramatic) but the impact and result to the industry will be immense. The shareholders, cities and our government will be the ultimate losers for the following reasons:

- * Start-ups and companies that work, think and act like start-ups (almost any hi-tech company), create competitive products which is good for healthy competition, this goes away with expensing options.
- * Start-ups and companies that work, think and act like start-ups attract talent and create jobs, this goes away with expensing options.
- * Venture capitalist (VC) who fuel start-ups (a form of hi-tech subsidies) will re-direct money else ware. There will be a lot less new US companies. VCs will move investments off shore.
- * Performance and productivity will be significantly reduced by expensing options. We currently enjoy immense productivity because of focused execution to drive revenue/value resulting in stock appreciation. Expensing options will take the air out of our sails and we will resort to an 8:00am to 5:00pm "punch the clock" and go home mentality. Shareholders lose.
- * People have made millions of dollars on stock options. This money goes back into the economy. State and Federal taxes will be greatly reduced.
- * Smart, creative talent (jobs) will will move offshore to those countries that continue to treat options under existing rules.

In closing, non expensed options, is our "Right to Bear Arms". Without it our national treasure "technology" will go the way of the dinosaur.