

Len Tatore

From: Tom Seiberlich - Cisco Systems [tseiberl@cisco.com]
Sent: Wednesday, April 21, 2004 9:35 PM
To: Director - FASB
Cc: savestockoptions@cisco.com

To: Chairman Robert H. Herz
From: Thomas J. Seiberlich - Cisco Systems
Re: File Reference No. 1102-100

Dear Chairman Herz:

The current drive corporate reform is a wise and noble one. Corporate governance and protecting the individual shareholders is absolutely needed to bring ethics and legal accounting practices back to American Business. One of the terrible misconceptions brought forth by this drive is that somehow stock options that are given out to employees dilutes shareholders equity and inflates corporate earnings. The debates over stock options expensing is well documented, but I will outline a few main points:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- Stock options do not meet the definition of an expense because they do not use company assets.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.
- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Aside from the above points, the options I have received have allowed me save for my retirement and my children's education, lessening my burden and reliance on my Government and improving my kids chances of getting a good education. I have also given a significant amount more to charity because of the options, which is a another good for society.

Please do not cave in to the saber rattlers and lobbyists that truly do not understand what stock options represent. They are not just given to already wealthy corporate fat cats, they are given to regular, hard working people that allow the American Dream to come true.

Sincerely,

Thomas j. Seiberlich

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