Message

Letter of Comment No: 1615
File Reference: 1102-100

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From: jvigano [jvigano@cisco.com]
Sent: Friday, April 23, 2004 9:31 AM
To: Director - FASB
Subject: File Reference No. 1102-100: stock options: do not expense it!!!

Chairman Robert H. Herz:

I urge you not to expense stock options, especially at an unrealistically high valuation. They are very important to me personally as well as for my corporation:

Accounting Issues:

- 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.

Competition:

- 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'.

Jose' Vigano'

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