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Letter of Comment No: 681 File Reference: 1102-100

From: Vincent Wilkins [vwilkins@cisco.com]

Sent: Tuesday, April 20, 2004 3:05 PM

To: Director - FASB

Subject: File Reference No. 1102-100, Stock Options Support Competitive Advantage

Dear Chairman Robert H. Herz,

Please do not require companies to expense stock options.

I can't count on them to be profitable for me however they offer a better chance to provide for me and my family by motivating me to help my company succeed. A better chance in my opinion than I will have at collecting Social Security.

Stock options have enabled me to start towards the American dream of home ownership, but not without a lot of hard work, education and discipline in return.

I interpret the FASB "stock option expensing effort" as a response to putting an end to dishonest accounting of stock options. This is a noble cause in response to the recent abuses of corporations like Enron and Worldcom.

The answer to these abuses is not expensing them against the bottom line using untested economic future valuation methods. This is no improvement over any existing methods that I'm aware of especially for high technology companies with high volatility.

Expensing options will in effect punish the voting public that receives them as compensation for long work hours, lower pay and dedication to corporate goals. Goals which often generate true value for the greater good of the nation and the world.

One can also perceive expensing options as punishment applied to hard working Americans for the abuses of the few high level corporate criminals that falsified earning statements to increase the value of their options. The Enrons and Worldcoms are the exceptions to the norms of stock option practices in my opinion

Expensing options may also appear to be a knee-jerk reaction or even retaliation on behalf of the those that did not participate in the technology boom.

Regulatory practice, enforcement, and severe punishment for corporate criminals is the answer in my opinion. If the same fundamentalist zeal for attacking accounting abuses is applied to white collar criminals as is applied to drug wars, Iraq and affirmative action, the FASB will align their corrective actions to address those abuses.

I firmly support the rationale below on accounting issues and competition:

## 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'.

Sincerely, Vince Wilkins

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