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From: Sent:

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To:

Monday, April 26, 2004 2:55 PM Director - FASB

Subject: stock option accounting

Importance:

High

Dear Sir or Madam.

As a CPA and employee of a high tech company, I wish to register my opposition to the current proposal regarding expensing of stock options. There are many problems with the current proposal, which unfortunately is viewed by the public in the same vein as corporate governance issues. The stock option question should not be viewed in the same light as Enron, WorldCom and other accounting scandals that have occurred in the past several years. It is first and foremost an accounting issue.

Several key points are outlined below:

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'.

This proposal will cause great damage to our competitive balance at a most critical time in our nation's history. Accounting standards should reflect proper accounting, not shifting political winds. History will judge your organization accordingly. Thank you for your time and consideration.

Very truly yours,

John P. Schreiber