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Letter of Comment No: 1873
File Reference: 1102-100

From: Ham Nguyen [hamnguye@cisco.com]
Sent: Friday, April 23, 2004 5:55 PM
To: Director - FASB
Subject: File Reference No. 1102-100, Attn: Chairman Robert H. Herz. Re: Stock Option Expense

File Reference No. 1102-100
Attention: Chairman Robert H. Herz

To Who It May Concern,

I am writing this letter in hope that it may change your plans to impose the expensing of stock options up front. This is ludicrous. The current proposal has major logistical issues. If you are planning to create a new law, then please take the time to do it right. It seems that the current proposal will need to be changed again in the future because of so many uncertainties. How can a company predict the fair value of its stock price years down the road so they can accurately expense the cost of the stock option grant up front? Going forward, how can a company expense a virtual number when there is no physical transaction taking place for the options grant? If Mr. Greenspan has trouble predicting the market performance and valuation, then how can anyone expect a company to do the same? I highly doubt that FASB can predict the stock market's performance? Then how can FASB expect a company to do the same and come up w/ a future virtual value (because there is no real transaction taking place at the time) that impacts the company's current bottom line? Have you consider the impact this has on existing stock options that are in the processing of vesting or fully vested but not exercised? Also, what if an employee moves on to another job (which is highly because of this ludicrous new rule and the down sizing of corporate America) before fully vested? Don't you see the implications and chaos that the new rule will cause? I beg you to reconsider your action. I am in full favor of clear and accurate financial reports, but your proposal does not make sense because it will have the exact opposite chaotic effect, which is worst then what we have today. If you are going to impose a change, then please take the time and make sure that it is done correctly. If a change is needed, then why not use the IRS' official definition of options' cost? The IRS' definition of options' cost gives a much more accurate and concrete way to track expenses, IMO. Please reconsider. Thank you for taking the time to read this letter.

Ham Nguyen