Letter of Comment No: 196
File Reference: 1102-100

Stacey Sutay

From: Balaji Subramanian [balajis@cisco.com]

Sent: Monday, April 19, 2004 5:37 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I am writing this email to you to protest and question FASB's proposal to expense all stock options.

Please do NOT propose to expense stock options, especially at an unrealistic high valuation.

The benefit of employee ownership and the incentive and pride that comes with it is of great value to any company. This pride of employee ownership extends beyond me to my immediate family also.

US companies need the ability to grant stock options to compete against other companies in other countries that allow granting of stock options without treating them as an expense.

Furthermore, keep in mind that stock options do not meet the definition of an expense because they do not use company assets.

By requiring expensing of stock options, you will have the detrimental effect of reducing innovation and leadership in the US, as well as reducing employee pride and the strong incentive to propel their company towards greater productivity, revenue and sound business results. You will be doing a disservice to the US companies and economy.

Please do NOT ask US companies to expense stock options!!

sincerely

Balaji Subramanian

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