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Letter of Comment No: 4155
File Reference: 1102-100

From: Satish Krishnamurthy [satish.krishnamurthy@webm
Sent: Wednesday, June 16, 2004 10:45 AM
To: Director - FASB
Subject: File Reference No. 1102-100

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Dear Sir/Madam:

I am concerned about the mandatory expensing of stock options. This move on FASB's part seems to be a knee-jerk reaction to corporate scandals such as Enron. I don't believe that the FASB requirement benefits shareholders. In fact, it can cause significant harm. There is no direct evidence that unethical and illegal corporate behavior aimed at inflating stock values is in any way tied to broad based stock options plans.

The requirement to expense stock options does not make sense for many reasons, including: 1. There is no fair and reasonable way to put a value on employee stock options at time of grant. 2. It will not provide greater "transparency" of financial reporting. In fact, sophisticated investors will back out option expenses to get to true cash flows. Less sophisticated investors will not know necessarily to do this, or how to do it. 3. Income statements already account for the effect of options. This effect is simply one of dilution, but only upon exercise, and it shows up in earnings per share (EPS). More exercised options means more shares means lower earnings per share.

I hope you will reconsider your decision on this matter.

Sincerely,
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