Stacey Sutay

Letter of Comment No: 319
File Reference: 1102-100

From: Sivakumar Ganapathy [gsiva@cisco.com]
Sent: Monday, April 19, 2004 9:25 PM
To: Director - FASB
Cc: gsiva@cisco.com
Subject: Do not expense stock options -- File Reference No. 1102 - 100

Mr Robert H Herz,
I understand that there is a process underway to make draft a law forcing companies to expense stock options. I am an regular employee of cisco systems and for many thousands of employees like myself stock options has only way for me to maintain a decent standard of living. It helps us to acquire things (like a home) that would never be possible otherwise. This in turn enables us to spend more thus contributing to the economy.

Expensing stock options would mean that the companies would grant much fewer options to the employees. This will in turn force many employees in IT industry to move out of the country because the compensation package is no longer attractive. In turn this will lead to many IT companies to move jobs overseas forcing more layoffs and company closures in the US.

Moreover stock options do not meet company definiton of an expense because they do not use company assets. The true cost of options is the dilution of EPS (earning per share) which is already accounted for when options are excersied.

So I would kindly request you to reconsider the proposal taking into account the ill effects it would have on the economy. We beleive that you will consider the fate of hunderds of companies and thousands of employees before making a decision.

Regards,
-Siva.