Stacey Sutay

From: Sent: Tarun Raisoni [traisoni@cisco.com] Monday, April 19, 2004 8:06 PM Director - FASB

To: Cc: Subject:

savestockoptions@cisco.com File Reference No. 1102-100

Dear Mr. Chairman Herz,

I am currently a US Based employee working at Cisco Systems. I am writing to you in regards of, the decision by FASB to expense stock options. As a US Citizen and worker contributing to the US Economy, your decision on expensing stock options is going to affect me and my family drastically. I recently bought a house for my family and myself, and now I find it that my biggest incentive for my work at Cisco is going to be affected by a fundamentally wrong decision by FASB.

Letter of Comment No: 408

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I am a certified financial engineer from University of California Berkeley.

- 1. All of us including yourself, know very well that Black Scholles and other valuation methods to value stock options fail miserably.
- 2. Does FASB have a recommended method to value STOCK OPTIONS ? In absence of a fair valuation method, how can you recommend to value Stock Options.
- 3. My second question to you is, Stock Option charge is already given in every quarterly report by all companies, shareholders look at this report and can definitely judge the hit on the earnings if the stock options were an expense. So the argument that creates fair reporting is invalid. Can you guarantee that the recent corporate scandals will never occur if stock options were expensed ?
- 4. Treating stock options as an expense, is not going to hurt the top 10 percent of the management layer in any company. They will still derive the benefits and get the same compensation package. It only affects individual contributors like me, whose total compensation has now gone down drastically. Do you have any suggestion for the average middle class, lower class worker in US who is going to be drastically affected to turn to companies. How do you suggest that my motivation to work and innovate improve by your decision? Your decision is only going to push us back 30 years, when the middle class and lower class worker was not being rewarded in any way for his work or his achievements.
- 5. If you believe that all the above points are wrong, how do you validate that emerging economies like India, China, and other countries around the world who in fact whole heartedly support stock options and donot require them to be expensed are going ahead with this plan.

I strongly believe that your decision is detrimental to the US economy and workers more than ever in these tough times.

As as US Voter, I will be following this up with my local senator.

I look forward to receiving atleast some sort of response from your agency.

Best Regards,

Tarun Raisoni

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