

**Stacey Sutay**

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Letter of Comment No: 260  
File Reference: 1102-100

**From:** Elizabeth Rajaram [lrajaram@cisco.com]  
**Sent:** Monday, April 19, 2004 6:35 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

Dear Chairman Robert H. Herz,

The objective of this email is to provide you with a view of the impact from the FASB plan to potentially expense stock options. I strongly urge you to consider the detrimental impact this plan will have on individuals as well as the companies we work at and either eliminate this initiative to expense options or look at alternative plans.

Stock options are the underpinnings of working at key technology companies and greatly influence not just the ability to attract and retain talented individuals (at all levels, not just senior management) but also are a key driving force in motivating individuals to continue to innovate and dedicate numerous hours at work so that US based companies can continue to lead in this global economy.

Within my team, I use stock options as a key motivator. With the fast pace of technology, I need to recruit and retain talented dedicated employees. Stock options are a key pillar of the overall package that allows for this. Without the long term ownership in a company, which is what stock options are about, employees will have limited sense of wanting to stay with a company causing it to very disruptive.

Personally I have relied on stock options to justify the long hours of work and also to live in a really expensive real estate market, the Bay Area. I have used stock options to pay for surgery that was not covered by insurance. Without the added benefit from stock options I see myself reevaluating living and working in Silicon Valley. I don't think this is just my problem. You will see a migration of folks out of high tech pockets like the bay area.....this is something that the US economy can ill afford.

I cannot see how the plan proposed by FASB is really helping as the detrimental impact on individuals and companies we work for far outweigh the benefits.

Regards

Liz Rajaram