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Letter of Comment No: 3696
File Reference: 1102-100

From: Norman Leung [nleung@cisco.com]
Sent: Thursday, June 10, 2004 3:46 PM
To: Director - FASB
Cc: nleung@cisco.com
Subject: My pledge against expensing stock options

Hi Chairman Robert Herz,

File Reference 1102-100

Please hear me out as to why we think stock option should be allowed to be continued the way it was and they should not be expensed.

It was a while back that I had been working in a research and development group for a Chicago based fortune 500 company. Every day at 5:30 PM, I can see engineers leaving on the dot for home. No one gets overly excited about their job.

Now switch the scene to to-day, as I am working in Silicon Valley, again for a development group at Cisco systems. I have witnessed people working until 8 or 9 PM at night frequently. People are excited about their job, they seem to care that the company must be successful as if they own part of it.

Was the people different between Chicago and Silicon Valley ? No, they are the same people that are educated and trained in the United States' Universities.

Why the difference ? The stock option is one of the most powerful motivation force ever devised by mankind. Never in the American history did the grass root employees given such an opportunity to own part of the company that they work at. People felt that they are part of the company and identify the company's success with their own. People are willing to put out the extra effort to ensure their own success and so the company's success.

If we take that option away from the employees, I can visualize how people would fall back to the "old" way of working life, knowing that for most people, their work is inconsequential to their own desire for success. Who cares about US leadership in a competitive global economy when you are not successful yourself ? Without stock option, success is only a privilege for a few executives, the rest of the people are just rank and file employees.

Thanks for your kind consideration to the desire of grass root citizens. It is said that great leaders are people who can motivate the masses to do good. Great leaders will not take away the hopes of the masses as they are just aspire to success as the great leaders.

Thanks
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