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**Letter of Comment No: 931**  
**File Reference: 1102-100**

**From:** David Angulo [dangulo@cisco.com]  
**Sent:** Tuesday, April 20, 2004 1:21 PM  
**To:** Director - FASB  
**Subject:** Option Expensing, File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I urge you to reconsider the current proposed rules for expensing stock options. The goal as I understand it is to fully account for all expenses a company has in order for shareholders to fully understand the value of a company. I agree with this goal, transparency benefits everyone except those with malicious intent.

I do believe that a rule of this kind should be in effect for Directors and above, including Officers of a company, the past handing out of 100,000's and millions of options to individuals in these positions has caused many problems and unintended consequences in the past.

However, I believe this rule will have unintended consequences on people like myself, the workers at these companies. I, like most folks, am trying to accumulate wealth so that I can provide a better life for my family and my community. Simple things like being able to afford a nice house and pay for college for my children.

My father immigrated to this country with nothing, put himself through college and worked for 30 years at the same company. I had to take out loans to afford college and once I graduated I was in debt and had 0 wealth. I spent most of my 20s under the load of those loans, until I discovered that I had a talent with running computing infrastructures.

In the late 90's, I moved to silicon valley to see if I could get a piece of the American dream. I started as a consultant at a small startup, for 18 months I worked 7 days a week at least 10 hours a day to help make this company successful. I was eventually hired by the company because of my hard work and given stock options. About 6 months later (6/1999), the company was acquired by Cisco Systems and my options were converted.

In 2001, I had to ride the bubble down because I didn't really have that many vested options to get out. At this point, most of my options are under water. Cisco management is generous and distributes options regularly to most of its employees so I have some that are vesting and are in the money. I have worked hard and my salary has allowed me to accumulate more wealth than most people in this country, I live in a nice neighborhood and my family doesn't have to stress about paying the bills. But, my family also has to deal with the hours I work and the commitment I have to the success of Cisco.

The options are really only worth a lot if Cisco hits a home run and exceeds everyone's expectations. I know that I and all of my coworkers are in the same boat, and it makes us want to execute to increase shareholder value. Because if we do, we will share in the fruits of our success along with the shareholders and senior management. It's what drives all of us to work 60 hour weeks, check email on weekends and carry our pagers when on PTO.

Ultimately shareholder value is grown by our sweat and labor. If we do hit a home run and all the shareholders and senior executives at the company prosper, why shouldn't we as well?

If the accounting standards the FASB puts in place to handle stock options are so overbearing on EPS and other financial metrics of company

health that option grants are eliminated, what is the motivation to work the 60 hour weeks, check email on weekends, and carry my pager while on PTO? Do you think that shareholders will be better off? This is pretty much the only shot I have to make a serious amount of wealth from my hard work in this country, why take it away from me and my family?

Again, I fully support the FASB's desire for corporate transparency. I am just looking at the current proposed rule through the lens of a little guy trying to be financially succesful in America and break out of the middle class by working hard.

Sincerely,

Dave Angulo