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**Letter of Comment No: #75 .**  
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**From:** Bob Ng [bobng@cisco.com]  
**Sent:** Monday, April 26, 2004 3:19 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

To: Chairman Robert H. Herz

Hi there,

I just wanted to throw my 2 cents into expensing options for industry. I used to work for an "old world" 100+ year old company, Underwriter's Laboratories here in Santa Clara, CA when I came straight out of college. It was my first job and they paid fairly well and fit my skill set coming out of college. They didn't have any sort of options or share programs (they are privately held) and as the economy was floundering (early 90's) it was a safe place. However, since the economy was floundering, we also didn't get any raises as expected. As time went on and other engineers moved on in other tech sectors, I knew I wasn't going to meet my financial goals (such as buying a house) staying at UL. I also came to find out that there were other compensation opportunities out there, one of which were stock options.

So when Cisco Systems came knocking, they offered me better benefits (not as important), a small raise (nice) plus a pile of stock options (great!) in late 1999. Knowing that Cisco was a well respected, up and coming plus being on the verge of becoming a bellweather company, I jumped in, thrilled at what Cisco had to offer plus the reputation as treating their employees very well. I also know that after a bit of time, I would be able to meet my financial goals of buying a house and when we had kids, I'd be able to pay for college and even possibly, private high schooling. Going further, ability to retire and not worry much about money.

With the options I have, I was able to buy a house in a good neighborhood in San Jose (not Morgan Hill, Livermore, Gilroy which are 30+minutes on a good day), buy our dream cars for my wife and myself and am on my way to be able to pay for college for my three children.

With the possibility of this current version of expensing options, I don't believe that options will be any sort of significant benefit if current legislation is passed. Either options will be severely decreased or eliminated for regular engineers like me and companies will be forced to change this type of compensation. More expensive compensation will need to be used (higher salaries, shares, signing bonuses, etc.) to replace this current benefit, possibly doubling harming profits for the company or not being competitive in the employee marketplace.

In closing, I believe you're hitting the "rank and file" people who benefit the most from stock options. Yes, you may "let slide" those executives who get millions of options. However, by passing this current legislation, you'll be harming more than those who earn the top 1% (or less) in compensation, you'll be hurting people like me who are the backbone of many companies. Regardless of what happens, executives will still be getting high compensation, and for the most part, they have earned it. So if this legislation is hoping to have a side benefit of reducing executives compensation, it's unlikely it will have any effect. Most executives are not motivated by compensation so if they're benefits are reduced, they are well off anyways, so again, minimal effect.

I hope you reconsider your position on the current way of expensing options or eliminate expensing options until a more reliable way of measuring cost is found.