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Letter of Comment No:841 File Reference: 1102-100

From: Glenn Lee [glee@cisco.com]

Sent: Tuesday, April 20, 2004 3:07 PM

To: Director - FASB

Subject: File Reference No. 1102-100

Dear Chairman Robert H. Herz,

I strongly urge you to <u>not</u> to expense stock options, for many reasons detailed below.

First, stock options have enabled me to purchase a house in the high priced area of Silicon Valley. Without these options, there would be very little chance of making the American Dream come true for my family and me. The median price of a house is currently approximately \$625,000, which means a 20% down payment requires \$125,000!

This is essentially impossible to achieve, unless employees like me have access to stock options.

In addition, having stock options motivates me to work harder and gives me incentive to produce leading edge products that have world-class quality and features. In doing so, we create value for our customers, improve productivity worldwide, and improve equity in our company. It is with this equity that we are able to improve our own personal American standard of living and continue to grow our American economy.

Please ensure that whatever you decide, it does not harm this innovative industry that continues to improve the productivity of ALL industries, impacts ALL of us in a meaningful way, and creates high value jobs.

This means that you should NOT expense options, especially at an artificially high valuation. Recall that options have a true cost: when they are ACTUALLY exercised (a REAL number, not some future prediction/formula that is by definition must be inaccurate), because they dilute earnings per share.

Silicon Valley has the reputation of creating new and innovative products that lead the world and create a better future. Without options for all employees (not just the executives), the incentives for employees and high-tech corporations to continue innovation will be lost, and the fear is that the high tech industry will become like the TV and consumer electronics industries of the 1960s and 1970s -- extinct in America.

Is this really what you want? Choose wisely. Your decision will PERMANENTLY impact the future wealth of America, it's high tech industry, and leading mechanism for continued productivity improvement.

This is not just a numbers game. It is a real impact to the American prosperity, future standard of living, and the American Dream.

Sincerely.

Glenn Lee