Letter of Comment No: 676 File Reference: 1102-100

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From:

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Sent:

Tuesday, April 20, 2004 10:59 PM

To:

Director - FASB

Subject:

Stock options

Importance: High

Dear Chairman Robert H. Herz,

Sometimes things look good on paper but hurt/ impact the working person both financially and personally. Here is my story.

My wife and I have been trying to have children for several years. My wife (Stephanie) went through many surgery's to try and correct the problems. We went to Ohio State Medical, Duke OBGYN, and finally NCCRM. We were told that we would not be able to have children. Our only option was a surrogate mother. If it where not for my company's stock option grants I would never have been able to afford this option.

My wife and I are expecting a Baby boy in May.

Stock options are so important to many working people. Please vote against treat stock options as an expense. I fear that many common working people will be hurt in the long run.

Accounting Issues:

- The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- Stock options do not meet the definition of an expense because they do not use company assets.
- The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

Competition:

- U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)
- Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

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