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Letter of Comment No: 5635  
File Reference: 1102-100

**From:** Perez, Maria [Maria.Perez@nasdaq.com]  
**Sent:** Tuesday, June 29, 2004 4:13 PM  
**To:** Director - FASB  
**Subject:** Expensing of Stock Options



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Ladies and Gentlemen:

I am writing to express concern regarding the proposed accounting treatment for stock options.

The cost of options in earnings is already reflected through the diluted earnings per share numbers. The "penalty" to companies of expensing what is, in fact, not an expense in the true sense of the word will, I fear, result in the demise of stock options as a valuable long-term incentive to employees.

Given the absence of a reliable and consistent valuation model, the proposal is particularly troublesome.

Sincerely,

Maria E. Perez