Stacey Sutay

From: Sent: Laura Fay [fay@cisco.com] Monday, April 19, 2004 5:31 PM

To: Director - FASB

Cc: Subject: savestockoptions@cisco.com Issue: Stock Options as an Expense

To The Director FASB:

It is with great concern that a potential plan would be put in place that intends to treat stock options as an expense. This is of great concern to me for several reasons. With the "artificially" high valuation for stock options, stock options will not be able to be leveraged as a tool. Furthermore, stock options do not meet the definition of an expense because they do not use company assets - true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

With respect to how the United States continues to compete with other countries, stock options are a critical component of the United States' ability to do so. As an example, in China, stock options are used, and they do not treat them as an expense. All in all, the result of expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation.

I hope you consider this request NOT to treat stock options as an expense as an incredibly important and critical issue.

Thank you Laura Fay Laura Fay

Sr. Director

Market Intelligence, Strategy and Planning 170 W. Tasman Drive

San Jose, CA 95134 Tel: (408) 526-5558 Fax: (408) 527-2806 Administrative Asst: Gina Flores Tel: (408) 526-6030

Fax: (408) 527-2806

Letter of Comment No: |9|

File Reference: 1102-100