## ikon From:

Sent:

Wendy Paton [wpaton@cisco.com] Thursday, May 20, 2004 4:10 PM

To: Director - FASB

Subject: Do NOT Want Stock Options Treated as an Expense

Importance: High

Do NOT Want Stock Options Treated as an Expense

U.S. companies need stock options to compete with other countries, such as China which uses stock options & does not treat them as an expense.

Letter of Comment No: 2601

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The high valuation for a stock option required by FASB will eliminate stock options as a tool to drive innovation and productivity.

Stock options do not use company assets so do not meet the definition of an expense.

The true cost of a stock option is already accounted for when options are exercised and is a dilution of earnings per share (EPS).

Sincerely, Wendy Paton

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