Letter of Comment No: 164 File Reference: 1102-100

## Stacey Sutay

From: Todd Weaver (tweaver) [tweaver@cisco.com]

Sent: Monday, April 19, 2004 5:12 PM

To: Director - FASB

Subject: Stock Options Issue - File Reference No. 1102-100

## Chairman Robert H. Herz,

I strongly disagree with the Stock Option expensing proposals currently being evaluated by the FASB. I receive employee stock options as a mid-level manager. These stock options 1) provide incentive for me to influence my company's stock price managing my group to perform at an optimal level, 2) provide retention for me and my employees to remain with my company when other opportunities arise in the marketplace, and 3) allow me to have additional financial security into the later years of my career to help cover my children's educational costs and my own retirement. I rely on employee stock options as part of my ongoing compensation package.

Current proposals will essentially eliminate the rank-and-file stock option grants to employees below the executive level within a company. I realize there have been abuses in the marketplace in the past and I agree that the FASB should enforce uniform standards, such as the footnote disclosures that exist today. But current proposals would require companies to take an expense for these options when the options are granted, and this is not accurate. Options provided to employees that remain underwater are not an expense for the company. Options unexercised or unvested for employees that leave the company are not an expense for the company. The dilution of earnings per share is already accounted for in the company's market valuation at the time they are exercised. The Black-Shoals is an estimation and clearly does not work. Please consider other ways to value options, preferably at the time of exercise which is when the expense is really incurred (and the current footnote disclosure is already accomplishing this).

Thank you for your time in this matter,

Todd Weaver
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