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Letter of Comment No: 1501
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From: Stuart Batchelor (sbatchel) [sbatchel@cisco.com]
Sent: Thursday, April 22, 2004 11:31 AM
To: Director - FASB
Subject: Expensing Stock Options

To Whom It May Concern:

The decision to require companies to expense stock options will have a direct and negative impact on me. Over the last three years the networking business has suffered major setbacks. 10s of thousands of jobs have been lost. Outsourcing employment overseas is costing more employees their jobs. After years for salary increases, my company has not given me a salary increase in three years.

One of the remaining true benefits and the best motivational tool available to companies is now being threatened. Stock Options are VERY important to me and I need to express my concern that these will soon be in jeopardy if FASB implements its plan to require companies to expense stock options. While there are benefits to require the expensing of options, there are also many drawbacks.

I do favor requiring all companies to expense options granted to its top executives. However, requiring companies to expense options granted to the rank and file employees will have the effect of eliminating this key benefit. The FASB plan also does not have a fair way for companies to account for the future value of options which must be expensed. This plan is not the best way for FASB to respond to the felony behavior of Enron or WorldCom.

Eliminating employee options (the result from expensing them) will also have a negative impact on the State of California, which in past years has earned millions in tax revenue on execution.

Please do not require companies to expense options except those issued to a company's top leaders.

Regards,
Stuart Batchelor

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