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Letter of Comment No: 2124  
File Reference: 1102-100

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**From:** Koree Mires [kmires@sbcglobal.net]  
**Sent:** Friday, April 30, 2004 4:35 PM  
**To:** Stacey Sutay  
**Subject:** Opposition to FAS 123

Dear sir/madam:

I am an employee of Cisco Systems and as such participate in the broad-based stock option program. I have read with great interest your FAS 123 calling for Cisco to expense stock option.

I must say that I strong oppose this proposal. Simply stated, this will likely lower my motivation and the motivation of other employees in Cisco who view themselves as owners of the company. Stock options not only provide drive, it provides a sense of pride with employees that want to see the company succeed so that all can benefit.

My question to you is this: How can you place a value on something that has no value if I leave the company? How can you decide at any point in time what the value of an option is if it is not exercised or even exercisable? My opinion is that you cannot and therefore you should not require expensing of options using a formula that is undeniably flawed.

Should you choose to have companies expense their option, you will essentially end broad-based stock option programs in the US. It would be a terrible mistake to take away the very thing that has made the US economy succeed. Options make employees feel a sense of entrepreneurship that helps drive small and large companies alike to produce innovative, quality products that keep America the economic center of the world.

I urge you to reconsider FAS 123 and withdraw the proposal. The intention of protecting investors is a good one but there needs to be other ways consider that does not have such a dramatic impact on the small front line employees like me.

Sincerely,

Koree K. Mires  
Mgr, Technical Support  
Cisco Systems.

Koree Mires  
General Manager  
Infinity Images, LLC  
Email: kmires@infinityimages.info  
Web: <http://www.infinityimages.info>  
Phone: 972-989-4495