

**ikon**

---

**From:** Pat Mitchell (mitchelp) [mitchelp@cisco.com]  
**Sent:** Thursday, June 24, 2004 2:23 AM  
**To:** Director - FASB  
**Cc:** savestockoptions@cisco.com  
**Subject:** Employee Stock Option Expensing - File Reference No. 1102-100

**Letter of Comment No: 5225**  
**File Reference: 1102-100**

Chairman Robert H. Herz-

Please reconsider your endorsement of the plan to expense stock options. The potential for wealth accumulation is the key motivator to get people to work extremely hard for the success of their company. A regular salary, or overtime pay or even the potential for bonuses pale in comparison to stock options in terms of opportunity for regular employees to accumulate wealth.

If this opportunity is diminished, as will undoubtedly occur with the high valuations currently proposed for expensing options, then there will be a significant impact to our economy. The biggest impact will be felt at the small start-up tech companies. It is their promise of substantial pay-offs that induce people to take the risk to work for these companies. If the reward is diminished, it will not outweigh the career development and financial risk these companies pose. Thus, these companies will have a very difficult time competing with large corporations like Cisco and Microsoft. These small companies are the biggest drivers of innovation in this country. We should be doing everything we can to encourage the formation of these companies, particularly in light of the global competition we are currently experiencing. As the expensing of stock options would have a significantly negative effect on these companies, I am astounded that this proposal has made it this far.

Please do what is in the best interests of the country and end this madness. Corporate malfeasance is a significant disease that needs to be treated in corporate America. Handicapping all the small companies and future generations of companies is most definitely the wrong solution.

Pat Mitchell