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Letter of Comment No: 435a
File Reference: 1102-100

From: Daniel Morrison [danmorr@cisco.com]
Sent: Tuesday, June 15, 2004 3:14 PM
To: Director - FASB
Subject: File Reference No. 1102-100, addressed to "Chairman Robert H. Herz

Mr Director,

On the key reason I left a great job 5 years ago and came to Cisco Systems was because of their stock option offering,. At no other company was I able to get stock options as well join such a great company. The fierce competition that was (and still goes on), in the Telecommunication space, makes it very challenging to find employees of the highest caliber. Retaining them, even in today's market, is a challenge as well. Today, many other competitors offer stock options to lure employees in, and in certain instances this process works. In my mind, this is all healthy for the economy and the Telecom space, and keep the landscape every changing.

As far as expensing stock options, what's the big deal? As it has been pointed out to me, since stock options do not use company assets, then why would they be considered an expense?

From my own perspective, I manage a team of sales people who are highly motivated. They fight for everything, every day. It's tough job, but one that is very rewarding. The motivation these individuals have is driven by many things, one being stock options. I honestly believe, the stock option factor plays a role in their performance. I know it does with me.

So, why am I writing the email? To ask for FASB to leave things along. If changes are needed, then make those changes, but leave the stock option offering as a tool that allows companies to motivate employees and keep America a great place to work.

Dan Morrison
Sr. Global Services Manager - US TEP
Cisco Systems
38 Forge Park Rd.
Franklin, Massachusetts 02038
Office 508 553-6069
Pager 800-365-4578
Cell 978-764-9931
danmorr@cisco.com

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