

ikon

Letter of Comment No: 2039  
File Reference: 1102-100

---

**From:** Jack Morrison [jacmorri@cisco.com]  
**Sent:** Tuesday, April 27, 2004 3:05 PM  
**To:** Director - FASB  
**Cc:** 'savestockoptions@cisco.com'  
**Subject:** Subject: File Reference No. 1102-100

Chairman Robert H. Herz  
FASB

Dear Sir,

I am writing to express my opposition to the pending actions of FASB that will make the treatment of stock options as an expense item for corporations. I have been employed in the technology industry since 1976, starting at very entry level positions and slowly working my way to more senior roles. In the late 1990's I became very interested in working for companies that offered stock options as part of their compensation plan. My interest in pursuing these types of compensation was driven by two factors:

- 1) I feel that being a partial owner of the company allows me to better align with all the goals of the company and to act in a broader sense as an employee for the company. For example, as an employee of Cisco, not only am I interested in revenue generation (I am a direct sales person) but my interests also includes items such as expense control, product quality, corporate citizenship in the greater community, ethical behavior of the company and many other areas that benefits ALL stock holders, not just people with options. My motivation for doing this is that I have a vested interest in how Cisco performs in all aspects of its business operations and that I will be rewarded some day via my stock options. I observe the behavior of my colleagues around me at Cisco and virtually all of them share my zeal in being more than just a "sales guy". I believe that if the pending FASB ruling eliminates the ability for companies such as Cisco to provide partial employee ownership through options, the end result will negatively impact these key employee behaviors associated with stock ownership.
- 2) I continue to believe that stock options hold for my family the promise of financial stability in the future. I have primary school age children that I must assist in getting through college plus I have my own retirement to plan for. I fully expect available stock options to help me obtain both of these worthy objectives. The elimination of stock options due to bureaucratic action of FASB will have a highly detrimental effect to my personal life, and I believe this to be true for thousands of other middle class Americans in the high tech industry.

I frankly have to express my opinions that the pending FASB action is politically motivated. How do you justify calling stock options an "expense" when no corporate asset is involved? Further, is the financial impact of stock options not already noted by the dilution of EPS? It appears to me that FASB stands a good chance of harming the US leadership in the critical high technology field by potentially making stock options no longer viable for most companies. This also appears pointless during a time when off shore companies are offering stock options to clearly get their employees to aggressively attack US leadership.

In summary, I believe for the reason stated above that making drastic changes to the way stock options are accounted for are unwarranted. I ask that you hold the opinions of individuals with the same value as you do the lobbying organizations trying to support this change. I support the notion that stock options are a good thing for the high technology industry, for the US economy and for individuals like me.

I ask that you not tamper with or change this valuable program.

Sincerely,

Jack Morrison

WA

4/27/2004