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From: Dan Mohr [dmohr@cisco.com]
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To: Director - FASB
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Chairman Robert H. Herz:

One of the key reasons I left a Director role at Verizon to come to Cisco Systems nearly 4 years ago was for the opportunity to work harder and be rewarded more via Cisco Stock Options. The culture at Cisco has been the hardest working, most productive and most positive culture I've ever been part of and I believe a substantial reason for that is that everyone feels a sense of ownership of the company and the hope of higher rewards through stock options. We all make big sacrifices to contribute to Cisco's success and we all appropriately benefit when the company is successful.

The potential and real rewards of stock options have inspired me to work harder and put more creativity and ingenuity into my work. They have motivated me to help ensure Cisco significantly outperforms our competitors--including companies like Huawei that is helped by the Chinese government. Stock options have made a significant positive impact on the quality of life for my family. Shareholders and our government should want to see more highly motivated and productive employees in American business, and this is what stock options help drive.

I am very concerned about the U.S. being able to continue to be a leader in technology innovation and productivity. If stock options are significantly minimized, I believe we will lose a big edge to China, India and other countries -- just as we did with automobiles with the Japanese since the 70s. The "big 3" car companies lost their edge in productivity and innovation over time, and consequently lost substantial market share to foreign companies over the years. It will be much worse for our country's influence in the world and security if other countries gain a significant edge in telecommunications & technology and the numerous strategic advantages they provide.

Treating stock options as an expense would be unbelievably bad timing for the progress of our economy and job creation in the US. It will be especially negative if there are unrealistically high valuations attached to the stock options, and it consequently drives down the earnings of key technology companies. Since many technology companies have been built around stock option reward systems, I believe they should be exempted from any negative impacts of a change in laws for several years and any expenses associated with them should be phased in at the most reasonable valuations if we must have any stock option expensing at all.

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