

ikon

From: Paul Taylor (pautaylo) [pautaylo@cisco.com]
Sent: Wednesday, April 21, 2004 12:51 PM
To: Director - FASB
Subject: File Reference No. 1102-100, Attn: Chairman Herz

Letter of Comment No: 1263
File Reference: 1102-100



InterScan_SafeSta
mp.bt (296 B...

Dear Sir:

I'm concerned about FASB's draft plan, File Reference No. 1102-100, that may revise the expensing of stock options by public companies. As an employee of a public company, Cisco Systems, Inc., that uses stock options as part of my compensation I believe such a change would have a direct effect on both my future compensation as well my company's profitability. This will affect many circumstances not the least of which is our ability to compete globally against companies such as Huawei who operate under very different rules. A further consideration is the significant amount of Research & Development done by Cisco that has driven productivity gains in the U.S. economy; this, too, would be reduced under the revisions you are considering thereby producing a negative effect on other company's abilities to compete.

Although I am generally well-compensated in relative terms I am neither wealthy nor profligate in my spending and view stock options as a valuable part of my overall compensation. I use both stock options and equity holdings to plan for my children's educational expenses as well as my retirement and would see actions that restrict growth in these holdings as affecting those plans and my future well-being. Given the additional holdings that I have of my company's stock and mutual fund holdings I believe this revision would depress our earnings and the value of my portfolio as well as thousands of others' portfolios, perhaps significantly.

I hope you will re-consider this decision as they will affect me personally as well as the health of my employer and thousands of my co-workers.

Sincerely,

Paul Taylor