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From: Philip Vancil (pvancil) [pvancil@cisco.com]
Sent: Tuesday, April 20, 2004 11:17 AM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Stock Options

Dear Sirs,

I not good with word so I will keep it short. I am very concerned with the current plan to tax stock options. Until 2000 I work for a classic old world tech company. At one time this company was one of the leader in the communications industry. Now it has shrunk to a small part of a holding company.

While there were many reasons for the companies down fall, one of the major ones was compensation and employee motivation. We had no stock option or ESPP; only standard cost of living based pay structure. If the company did good we got 3%, if the company did bad we got 3%. The net result was that the employees had no feeling of unity with the company.

I watched the company lose it best and brightest to growing companies. Was it for better based pay? No, the company's base pay structure was more than complete. I was a typical example. When I left the company, my base pay at Cisco was less than 1% more. So why did I leave a company that I had poured 18 years of my life into to trying to keep it afloat? It was the compensation that Cisco offered (options and ESPP) that was linked to the company's success. For the first time in my 34-year working life, I feel both I and my employer succeed or fail together.

This is where my concern on taxing stock options comes in. I fear that this plan will force the high tech companies in the U.S. back into the old compensation model that has fail so many companies. A big issue in this years election is out sourcing of job. Taxing stock options only increase the cost of composition within the U.S.

Please don't let the urge to punish the abuses of the early 2000s hurt the average high tech worker. In today market, I for one would have no chance of retiring until I was in my 70's if it was not for options and ESPP. God knows that I cannot depend on SSA.

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