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**Letter of Comment No: 889**  
**File Reference: 1102-100**

**From:** Luis Saavedra [saavedra@cisco.com]  
**Sent:** Tuesday, April 20, 2004 2:08 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100

Luis Saavedra  
Cisco Systems, Inc.  
170 West Tasman Drive  
San Jose, CA 95131

Chairman Robert H. Herz  
File Reference No. 1102-100

Dear Sir,

It has come to my attention that the Financial Accounting Standards Board has decided to treat company employee stock option grants as an expense. This would make it very difficult for companies such as Cisco Systems, Inc. to continue to offer a broad-based stock option program like the one we have today.

As shareholders themselves, all employees take pride in the success of their company through a continued opportunity to increase their participation in that ownership. Because of this incentive, employees are much more likely to be motivated and driven to stay focused on delivering top-notch quality. This results in a better product for our customers which translates into value for all shareholders which increases confidence, productivity and promotes further investment.

As you can see there are many benefits to allowing companies to offer stock options to their employees. Taking steps to reduce or eliminate this incentive will only hinder economic growth and our position in the global market as a leader. This is important because the US economy is the engine behind our great country. Without it we cease to exist as a dominant world power.

America's silent heroes are its businesses and corporations, able to generate employment for millions of its citizens, improving their standard of living and promoting global investment through a compelling value-added incentive to shareholders and ultimately stimulating and thrusting our economy forward. Without millions of jobs there would be no revenues to government and there would be no government programs to help citizens in need or the ability to provide basic services such as health care and national security. I don't have to tell you how difficult the past four years have been for the US economy and its people.

So I ask you to strongly reconsider your stance and allow us to continue to help our economy in the most ways that we can. Here at Cisco we will continue to produce the best data communications equipment the world has ever seen and do our part in thrusting our country ahead.

Sincerely,  
Luis Saavedra  
Hardware Design Engineer  
Gigabit Switching Business Unit  
Cisco Systems, Inc.