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From: Alejandro Alvarado (aalvarad) [aalvarad@cisco.com]
Sent: Friday, April 23, 2004 6:51 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: File Reference No. 1102-100

Robert H. Herz
Chairman

Mr. Herz, I am an employee of Cisco Systems Inc in the US, the subject of my message to you is related to last month's draft released by Financial Accounting Standard Board, and the proposal to treat Stock Options as an expense.

I work for one of the most generous companies not only in the US but world wide, Cisco Systems Inc. as part of the Cisco Team I receive stock options, just as every employee in this company. I am not by far a company high executive, but stock options have certainly made a difference in compensation for me and my family in the last 4 years that I have been employed with Cisco.

Never before have I had the chance to receive such a benefit, though I have worked for three Fortune 500 companies, it is my belief that talented people had been enticed to join companies with this kind of programs, and results are definitely reflected on shareholder value, it is as simple as knowing that your performance has a direct impact on shares price, and not only that but the fact that one already have assigned certain amount of those shares, motivation and commitment just come after doing the math !!

At Cisco we strongly believe that artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity, furthermore true cost of a stock option is dilution of earnings per share and is already accounted for when options are exercised.

It is my belief that this kind of innovative compensation started here in the US, through the years it has had such a successful history that many companies around the world have implemented, expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation, U.S. companies need stock options to compete with other countries on a global basis.

I am certain that we all want the market to have reliable information, the right approach should be to have the market focus more on EPS.

Please do not stop Stock Options

Regards

Alejandro E. Alvarado

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