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Letter of Comment No: 1039
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From: Jim Sherriff [sherriff@cisco.com]
Sent: Tuesday, April 20, 2004 1:02 PM
To: Director - FASB
Cc: savestockoptions@cisco.com
Subject: Expensing of stock options

To: Chairman Robert H. Herz

From: Jim Sherriff

Dear Chairman Herz, I am very troubled by FASB's decision to require that stock options be expensed. This will result in the death of an important instrument to align employee, management and stock holders interests. In addition, you will harm investors as the financial statements of public companies will now be more difficult to understand. Much of the commotion regarding stock options was driven by public concerns regarding corporate governance and executive pay. Ironically, I expect that the top executives will not see a decrease in their grants as a result of your decision. Investors and employees on the other hand will be hurt. Please reconsider.

Regards, Jim Sherriff