Stacey Sutay

Letter of Comment No: 40 File Reference: 1101-SCU Date Received: 03/14/03

Subject:

FW: comments on rules governing the expensing of stock options

----Original Message-----

From: John Schmidt [mailto:joschmid@cisco.com]

Sent: Friday, March 14, 2003 3:25 PM

To: Robert Herz

Subject: comments on rules governing the expensing of stock options

Richard,

My belief of the support for the expensing of all employee stock options is a case of the few ruining it for the many, and, as in much of media, is over hyped. You can see from my E-Mail address that I am a recipient of these options, take that for what you will. If options are to be expensed I believe that it should be limited to those companies that keep the majority of the options to the top executives and not to those plans where they are distributed more broadly. Lastly, I am sure that most people do agree with the fact that the Black-Scholes method of accounting is not the appropriate method to expense them if this becomes necessary.

Thank you for you time,

John Schmidt