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From: Steve Stahmer (sstahmer) [sstahmer@cisco.com]
Sent: Tuesday, April 20, 2004 8:36 AM
To: Director - FASB
Subject: Please don't kill the goose that laid the golden egg!

I would like to express my concern regarding the change to employee stock option accounting your organization is driving.

I am not an accountant or finance expert, so I won't comment on the technical aspects of this change. On the other hand, I do know what motivates me and I suspect the same thing is true for most people. I view the options my company grants me very differently than I view my regular compensation. In my mind, my salary and incentive bonus are based on the value I bring to my company as an individual. I can increase both my salary and bonus by focusing on maximizing the success and visibility of my own little particular part of the company. On the other hand, there are times when the company as a whole would be better off if I was less focused on my own personal contribution. For example, I might be able to get a lot of personal recognition for a project that would consume a lot of company money and resources. In this example, the company as a whole might be better off if I yielded this money and these resources to other parts of the company that might be able to get better "bang for the buck". If my compensation was based entirely on salary and bonus I would have very little incentive to consider the greater good when it comes to decisions like this.

In addition, it is pretty clear to me that there is a significant trend in business to outsource company functions to countries which have lower labor rates and less restrictive government regulations. I believe that this exodus of jobs is inevitable. There is no way people will pay someone \$10 to do a job when there is someone else who can perform the same function for \$1. This does not bode well for the U.S. In my view, we only have 2 choices. 1) We can sit by and watch our labor rates continue to shrink and come in line with the rest of the world. OR 2) We can continue to innovate and create new products and technologies which will allow our country to stay ahead of the curve in the rest of the world. Stifling government regulation will do nothing to drive innovation. It will accelerate the shifting of our employment base to other countries.

Please don't kill the goose that laid the golden egg!

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