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From: Martin Grimm [margrimm@cisco.com]
Sent: Tuesday, April 20, 2004 12:59 PM
To: Director - FASB
Cc: john.lander@mail.house.gov
Subject: File Reference No. 1102-100

To: Chairman Robert H. Herz

Dear Sir,

I am a 40 year old software engineer working for Cisco Systems. I would like to address the FASB decision to force corporations to account employee stock options as expenses. I believe the FASB decision, if implemented, will lead to many U.S. corporations eliminating the wide spread use of options as incentives in this country. Why do I feel strongly regarding this issue? I have worked for other industries where incentive options are not used. The majority of employees in those companies were only compelled to give the company the minimum effort. In companies that use options as incentives for the average employee, the behavior of employees has been to work to complete projects on time, even under hard conditions such as short timetables. People are willing to go the extra mile when they know the companies well being is important to themselves, the stock holders.

Why should we enact this decision when many engineering positions are being moved to countries where incentive stock options are not accounted. It is simple for companies like mine, Cisco Systems, to contract with Indian or Chinese companies for work. Those contract companies can use incentive stock options without accounting them as expenses under accounting rules in their own countries.

I believe by enacting these accounting rules, FASB will start the downfall of American innovation as our countries strength. America has been the leader in technology innovation. This innovation has been financed primarily by the issuance of stock. Many successful technology companies learned a valuable lesson. By keeping employees accountable and rewarding them with stock incentives, people will consider their ownership in the company when conflicting considerations arise. Please review your decision. Allow for companies to reward individual contributors with out incurring charges against earnings. As an investor, I welcome FASB addressing stock options. I also believe that we can not determine the harm that will occur when this decision is enacted.

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