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Letter of Comment No: 1880
File Reference: 1102-100

From: Ron Fishman [rfishman@cisco.com]
Sent: Saturday, April 24, 2004 10:08 AM
To: Director - FASB
Subject: Stock option expensing - Chairman Robert H. Herz

Chairman Herz,

I am currently employed by Cisco Systems and the parent of an Computer Engineering undergraduate student and am extremely concerned about the recent ruling in which stock options are going to be required to be expensed. In my career I have worked for Westinghouse, Aironet (a small startup which was acquired by Cisco Systems), and Cisco Systems and have seen the different dynamics of the companies and the experiences I have had at the companies can be directly attributed to employee ownership.

Westinghouse was a Dow component, major player in the defense commercial and communications businesses. It was also large, slow moving and showed very little innovation. Stock options were an unheard of thing below the level of Director or VP and wouldn't have mattered anyways because the company was stagnant. During my time with the company Westinghouse sold off core businesses, laid off people on a routine basis and in general did not grow. It was the model of a dying company and is no longer in any of the core manufacturing businesses it was in when I was there.

Aironet was a small company in the WLAN business who were serving niche markets and were getting ready to launch the first product in the industry in a new technology known as 802.11B. I am sure you are familiar with this technology since it is now known as Wifi and has become common in many of our lives. When I chose to join Aironet a major contributor to the decision was that I would be receiving stock options and ownership in the company. I did not receive a salary increase to make the change and felt the potential reward of ownership and the effect on me and my family was worth the risk. We worked hard, released the first product in the industry, one multiple product of the year awards and grew the company. Life was good. I believe this was because the company had employee ownership. Every employee in the company from the guy on the receiving dock to the CEO had options and had a stake in the company. The company grew our sales and eventually had an IPO which was amongst the most successful of the year. When people were free I watched as our factory workers and technicians were able to sell some of their options which they had earned by their hardwork and to purchase items which had been out of reach for years. Items such as a reliable car or downpayment on a house, not Ferraris and exotic vacations. I personally chose not to exercise any options at the time since I had a child nearing college and I felt that my best investment was his future.

Soon after the IPO a little company named Cisco Systems noticed Aironet and acquired the company. Since that time we have grown the sales of my part of the business by about 10X at the same time our sales price has dropped by over 1/2. All in 4 years. How many companies can state they have a 20+ X growth in unit sales in a 4 year time period and still be growing. Not many I know of. And how many will be able to say it in the future if the proposed change takes effect. Many fewer if any.

It is not about the options paid to the CEO's and the Enron's of the world who through fraud and deceit stole from their shareholders and employees. They will find new and creative ways to steal and cheat, regardless of whether options can be expensed or not. It is about employee ownership, and its effect on innovation, productivity and business growth. And, without option expensing we are going to be taking the water away from the plant which is our economy. Without water the plant is not just going to stop growing it is going to dry up and wither

and potentially die.

I mentioned I have a son in Engineering School and believe that he also needs to be provided the opportunity of employee ownership. If not what is going to motivate him to take the risk to go to work for the new NanoTechnology startup or work in some new field that has not even been created yet, rather than take the safe path and just work for a comfortable salary. If this proposal remains as is this is what is going to happen, we are going to become risk averse and lose our US edge on innovation

PLEASE reconsider the ruling!!!!!!!!!!!!!!!

Regards,

Ron Fishman

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