

ikon**Letter of Comment No: 4351
File Reference: 1102-100**

From: Jeffrey King (jefking) [jefking@cisco.com]
Sent: Tuesday, June 15, 2004 9:02 AM
To: Stacey Sutay; Director - FASB
Subject: File Reference No. 1102-100

To Chairman Robert H. Herz:

I am an employee who benefits from a broad based employee stock options program and am opposed to the exposure draft released on FAS 123.

If implemented, FAS 123 will likely bring an end to broad-based employee stock option plans. This will further erode the ability for companies which are based in the US to attract and retain top talent resulting in a continued outflow of jobs from US citizens to offshore locations and a loss of intellectual capital for US companies.

Broad-based employee stock option plans have not only motivated me to work harder and more efficiently, but also benefit shareholders by better aligning employee and shareholder interests. With stock options, I benefit only when the shareholders benefit. I have used stock option proceeds to provide funding to send my children to college, build a home for my family and provide a level of stability to protect my family in uncertain economic times.

Employee stock options are not freely trade-able and are subject to forfeiture if I leave the company and are impossible to value. How can you value something that has no market value? I am a North Carolina CPA (NC license #15571) and know firsthand that valuation methods such as Black-Scholes are highly volatile and do not provide an accurate valuation of exposure to the company, nor future potential value of the options. Under this exposure draft, FASB will somehow come up with a value-- however inaccurate-- and force companies, like mine, to put inaccurate information on the financial statement. Indeed, financial statements will become less to the individual investor.

I urge you to recognize the risk in implementing policies such as this which do not protect the public from executive abuse and potentially cause great harm to our workforce and economy by eliminating a capability that is core to the heart of the American economic system....that is that you are rewarded when you work hard and succeed. That is the benefit of broad based employee stock option plans.....when the company succeeds in part from my hard work, I benefit. Please reconsider and rescind this exposure draft.

Jeff King

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