

June 22, 2004

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Chelmsford, Massachusetts 01824

Directors
Financial Accounting Standards Board
director@fasb.org

Letter of Comment No: 5003
File Reference: 1102-100

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Dear FASB Directors:

I am writing to convey my reservations with the FASB proposed changes to accounting for employee stock options (File Reference No. 1102-100).

As an executive involved in high technology companies which make extensive use of employee stock options to attract, motivate, and align employees, I am concerned that the proposal would:

- diminish financial statement transparency since complex rules and discretionary judgments will be required to determine option values for private companies.
- reduce financial statement consistency across companies, particularly when different private companies will adopt different approaches to valuing employee stock options.
- make financial statements less reliable over time, as the "intrinsic value" method necessitates periodic recalculation of employee stock option expenses as stock options are marked-to-market.
- impose significant additional accounting and auditing costs on small companies, estimated by the NVCA at \$30,000-100,000 per year for private companies.
- lead to stock options becoming more expensive for companies to issue, potentially jeopardizing a key driver of entrepreneurial activity on the economy.
- erode our entrepreneurial economy at a time when competition has become truly global and other nations are actively promoting new technology companies.

I hope the FASB can give additional consideration to these issues before moving forward with any changes in employee stock option accounting.

Sincerely,



Randy Battat
President & CEO
Airvana

cc: jcdowling@nvca.org