

ikon**Letter of Comment No: 3307****File Reference: 1102-100**

From: Director - FASB
Sent: Wednesday, June 09, 2004 2:37 PM
To: ikon; Karen Salmansohn
Subject: FW: File Reference No. 1102-100

-----Original Message-----

From: John Lindner [mailto:jlindner@omniva.com]
Sent: Wednesday, June 09, 2004 2:33 PM
To: Director - FASB
Cc: kent@vsplp.com
Subject: File Reference No. 1102-100

Dear FASB Representatives:

As a veteran of five entrepreneurial ventures, I am very concerned about FASB's Exposure Draft proposal to treat stock options as an expense on the income statement. The proposed guidelines could set forth some serious and unintended consequences.

If enacted, FASB's proposal will severely negatively impact the ability of start-up firms to attract and retain talented employees. Start-up firms will offer stock options to fewer employees, and fewer options to those employees that do receive them. A recent study conducted by a compensation consulting firm found that 60% of high-tech companies would eliminate the issuance of stock options to non-management employees if they were forced to expense the value of options.

This will lead to many prospective entrepreneurs opting for a less risky, more stable career choice with companies that pay more and offer better healthcare and financial benefits (401k matching, etc). This will result in the formation of fewer new companies which will harm the U.S. economy.

Stock options off-set the considerable risk employees take when they join new, unproven companies. Employees join these companies based on the belief that the company's products and services will address an unmet or emerging need in the marketplace. Most of these firms fail, and when that occurs, their stock has no value and its employees must find work elsewhere. The entrepreneur, however, is drawn to these new companies by the possibility that - just maybe - the new venture will beat the odds and become one of the few success stories.

Best regards,

John Lindner | Vice President of Sales | Omniva Policy Systems