ACCEL PARTNERS

PALO ALTO LONDON

Letter of Comment No: 3776
File Reference: 1102-100

June 7, 2004

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: No. 1102-100

Ladies and Gentlemen:

I am writing to express my views on the pending proposals of FASB to mandate that stock options be treated as an expense on an issuer's income statement rather than reflected in the financial statement footnotes. I am a partner at Accel Partners, a venture capital firm in Palo Alto, CA. Prior to Accel Partners, I was co-founder and CEO of Macromedia, a publicly traded company on NASDAQ. I have also been involved in building several other public companies from start-up to maturation, including CNET, S3 Corporation, Matchnet PLC, and LoyaltyPoint.

In all of the companies mentioned above, stock option-based compensation has been instrumental in attracting employees to leave well paid established companies and take a risk to innovate and build something new. Overall, the companies mentioned above have created over 5,000 jobs. Effective January 1, 2005, the pending expensing of stock options and shares issued under employee stock purchase plans at the allowable Internal Revenue Code discount will dramatically affect the ability of new companies to attract and retain employees. Many of these companies have limited cash resources at start-up and are reliant on stock options to attract and retain employees. Management often offers stock-based plans to its employees and potential employees in order to remain competitive in the marketplace.

There is simply no question that by requiring the expensing of stock options and stock issued at a discount under an ESPP will create pressure on the Company to meet anticipated earnings targets, reduce the future market price of its common stock, have a negative impact on the Company's ability to raise additional capital and adversely affect the ability of the Company to compete in the marketplace for employees.

Thank you very much for your consideration.

Sincerely yours,

John C. Colligan

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