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Letter of Comment No: 2650 File Reference: 1102-100

From: Harvey [Harvey@keyeye.net]

Sent: Thursday, May 20, 2004 2:48 PM
To: Director - FASB

Cc: jcdowling@nvca.org

Subject: Options

Ladies and Gentlemen:

RE: Reference File No. 1102-100

For the past 30 years, I have been an executive of high technology companies and have used stock options EXTENSIVELY to attract and retain employees. Your notion of expensing stock options will seriously damage, if not ourtright destroy, my ability going forward to obtain and preserve cash, and attract and retain employees.

I rely heavily on Venture Capital backing to fund my current company. If I am forced to use cash instead of options to compensate my employees, future Venture backing will be considerably more difficult to obtain, and jobs will either be lost or not created at all.

You MUST reconsider your proposal, and NOT require the expensing of Stock Options. If your proposal is adopted as currently drafted, I can promise you not only serious negative economic consequences but also the lack of future support for your august body from the Silicon Valley community of CFO's and CEO's.

Harvey Scull

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