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From: Tod Francis [Tod@trinityventures.com]
Sent: Wednesday, June 02, 2004 7:08 PM
To: Director - FASB
Cc: jcdowling@nvca.org
Subject: Reference File No. 1102-100

I am opposed to the proposed FASB rule change on stock options. It will have a detrimental impact on entrepreneurs and employees. Stock options are a critical component of the incentive system for employees. As employees receive options to purchase shares of stock in companies they work for, these employees are rewarded only if the company valuation increases. Stock options are a key component of high growth companies which drive economic growth in the US. The value change in stock options is not a cost of running a business and should not be accounted for as such. The proposed rule change significantly hampers the use of stock options in the future – and as a result will reduce entrepreneurial activity going forward. The proposed change will penalize emerging companies that use options as a key component of the incentive program. Furthermore, the proposed change will create misleading financial statements and add to the auditing costs of high growth companies. I strongly encourage you to dismiss the proposed FASB rule change.

Tod Francis

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