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Letter of Comment No: 3239 File Reference: 1102-100

From: Nolan Sigal [nsigal@trellisbio.com]

Sent: Thursday, June 03, 2004 1:25 PM

To: Director - FASB

Subject: stock options

Dear FASB Directors:

As the president of a small, venture-backed biotechnology company, I would like to express my opposition to your proposal concerning the expensing of stock options. Stock options have successfully provided incentive for employees at all levels in venture capital financed companies, and have been instrumental in productivity gains that have propelled the US based life sciences industries into a position of world leadership. If enacted, the FASB proposal will ultimately undermine stock options as a tool that has successfully aligned the interests of shareholders with employees.

From a purely accounting perspective, the valuation methods proscribed will not result in a better depiction of a company's economic health or more transparent financial statements. Furthermore, the cost of implementing these inaccurate valuation methods will be a much greater burden on startups and nonpublic entities.

The unintended consequences of your proposal to expense stock options will put a damper on the growth and productivity of the most important emerging areas of the economy. Please consider leaving the current standards of stock option treatment in private companies alone, and protect the engine of growth that drives American entrepreneurship.

Nolan Sigal

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