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Letter of Comment No: 4153
File Reference: 1102-100

From: Tierney, Gillian [gtierney@bottomline.com]
Sent: Wednesday, June 16, 2004 10:42 AM
To: Director - FASB
Subject: Stock Options

Financial Accounting Standards Board

File Reference No. 1102-100
June 16, 2004

Dear Financial Accounting Standards Board:

I am writing to express my grave concern and disagreement regarding the proposal that if passed, would required companies to expense stock options. As the Director of Human Resources for Bottomline Technologies, I see the value and positive impact of offering stock options to all levels of employees. In addition to offering a potential financial incentive for employees, stock options help a company increase employee retention, longevity, and a sense of employee ownership in the business. As any HR professional will tell you, the more invested an employee feels to the business, the more productive and motivated the employee. I believe this directly impacts a company's ability to reach positive financial results, which in turn fuels growth, new jobs, and investments. I urge you to reconsider the proposal and allow companies to continue the use of stock options as an employee recognition and appreciation program. With the challenging economy the past few years, I do not believe it is in the best interest of the government, economy, employers, employees, or the nation as a whole to be taking away a popular employee recognition tool, which companies would be forced to do if they are required to expense stock options.

I would also like to add that I fear this proposal could lead to an increase in the trend of moving US positions to overseas locations where often the cost of labor is lower. If stock options are no longer a feasible tool for companies to provide compensation, companies in turn would be forced to provide recognition in ways that increase the cost of labor (i.e. higher salaries). As a result, employers will be forced to find alternatives such as moving positions abroad, which is a realistic option for technology companies. It's common knowledge that India, China, and other countries have plenty of skilled technical professionals and computer programmers and I'm concerned the passage of this proposal will accelerate the trend to move technical positions abroad because the cost of labor will be too high in the U.S. as a result of employers losing the ability to use stock options for compensation.

Please allow the US to stay competitive by retaining this important employee motivation and recognition tool.

If you have any questions, please don't hesitate to contact me.

Best regards,
Gillian

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