ikon

From: Lori_Henderson@moldflow.com
Sent: Thursday, May 27, 2004 9:58 AM
Director FASE

To: Director - FASB

Cc: Roland_Thomas@moldflow.com
Subject: Mandatory Option Expensing



InterScan_SafeSta mp.txt (296 B...

Dear Director:

We are the CEO and General Counsel of Moldflow Corporation, a company with its headquarters in Wayland, Massachusetts. For many years, Moldflow has granted stock options broadly to all employees not just to executives. Since our IPO in 2000, we have offered a broad based ESPF.

The Financial Accounting Standards Board (FASB) is in the process of proposing a change to accounting standards that we believe is misguided and clearly damaging to the United States economy.

Our 295 employees appreciate the fact that Moldflow Corporation offers stock options to employees, not just to senior executives. Stock options are important to our employees and are a significant benefit that gives our employees ownership in the company. They provide a great incentive to all employees by providing an important stake in the company. The economic contributions that high-tech companies have created flow in large measure from the role that stock options have played in establishing an entrepreneurial risk-taking culture that drives innovation.

AeA, our high-tech trade association, has concluded that if companies are forced to expense options, then current stock option plans will be severely reduced or completely eliminated for many employees. The NASDAQ securities exchange, on which our shares are traded, agrees with this and similarly does not support the mandatory expensing of options. If the FASB proposal regarding mandatory expensing becomes final , it is possible that Moldflow Corporation will have to end the practice of giving stock options to its employees.

In addition to harming stock option plans, the proposed changes would harm Employee Stock Purchase Plans (ESPPs) that allow eligible employees to purchase company stock at a discounted rate. Generally, companies offer employees a 15% discount on company stock under these plans, but the proposed changes would force companies to expense stock discounted at this rate. This would force companies like ours to curtail or end this type of program, which is popular with our employees and a great motivational tool.

We request that you review the proposed rules with a better view of the long term harm that they will do to employees and companies that have used options and ESPPs so successfully in the past to build innovation and corporate strength in the United States. Your proposed rules will hurt employees who today receive options granted under our broadbased stock option plan and who participate in our ESPP. These changes not only adversely impact all of our employees, but will also reduce our nations's growth and economic vitality.

Thank you for your consideration.

Regards,

Roland Thomas President & CEO Moldflow Corporation 430 Boston Post Road Wayland, MA 01/78 Lori Henderson General Counsel Moldflow Corporation 430 Boston Post Road Wayland, MA 01778

Letter of Comment No: 2763

File Reference: 1102-100