Letter of Comment No: 233 File Reference: 1102-001 Date Received: 7-3-03

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MP&T Director – File Reference 1102-001 Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk. CT 06856-5116

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Re: Invitation to Comment: Accounting for stock-based compensation: A comparison of FASB Statement No. 123, "Accounting for Stock-based Compensation", and its Related Interpretations, and IASB Proposed IRFS, "Share-based Payments"

## To Whom It May Concern:

General Atlantic Partners is a global private equity firm focused on making investments in companies in the information technology industry. Since our formation in 1980, we have invested in over 120 companies worldwide. Our market focus is in an industry that is characterized by high growth companies in which we have seen extensive use of employee stock options. Employee stock options not only help attract, retain and motivate employees but also help align employee, management and shareholder interests. We believe firmly in the importance of stock options particularly for companies in their early and developmental stages of growth. We also believe that these principles apply in all major markets and jurisdictions where share-based payments are commonplace.

With respect to the invitation to comment, we have one overarching concern which we would like to express. We believe in preserving the existing election in U.S. Accounting Standards for applying the intrinsic value method in APB No. 25, and disclosing the pro forma effects of applying the fair value recognition and measurement method prescribed by SFAS No. 123 in the notes to financial statements. While the invitation to comment does not appear to take this issue head-on, we feel it is an important issue to consider for our industry worldwide as accounting standards converge.

Attempting to account for employee stock options is a complex and difficult task due to the number of variables that may exist in determining the cost a company incurs in providing options. Current methodologies are not reliable, transparent nor consistent particularly when looking at companies in different industries, size levels and structures. While we agree that the accounting standards board should mandate methodology for handling employee stock options, we think that there are currently too many unanswered questions with respect to the appropriate methodology. We very much believe that information regarding employee stock options is relevant and we support clear and full disclosure of those transactions and profiles. However, until a carefully defined valuation methodology can be proposed, we would strongly suggest the deferring of the mandatory expensing of stock options and including such information only in the footnotes.

We appreciate the opportunity to be able to comment on this important issue.

Sincerely,

General Atlantic Partners, LLC