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Letter of Comment No: 4175
File Reference: 1102-100

From: Barbara Augun [barbara.augun@webmethods.com]
Sent: Wednesday, June 16, 2004 3:47 PM
To: Director - FASB
Subject: File Reference No. 1102-100

To Whom It May Concern:

Please be aware that as an employee of a software company, I feel strongly about the following statements and request that the proposed stock option expensing rule be delayed until further study of its impact can be completed.

First, there is no direct evidence that unethical and illegal corporate behavior aimed at inflating stock values is in any way tied to broad based stock options plans.

Broad-based options plans are an entrepreneurial incentive that sparks innovation, enabling the creation and growth of successful companies that in turn provide jobs.

Broad based plans help align the interest of employees with that of their companies.

The "cost" of options is already reflected in financial statement in the dilution of earnings per share.

No valuation model for options (e.g. the Black-Scholes or lattice models) is considered to be reliable, consistent or comparable.

Stock options are very different from market-traded options. It is impossible to create an accurate value, and expensing based on available methodologies would in fact undermine the credibility of financial statements.

Sincerely,
Barbara Augun