



June 28, 2004

Director of Major Projects  
File Reference No. 1102-100  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

RE: File Reference No. 1102-100 – Response from Aspen Technology, Inc.

To Whom It May Concern:

For Aspen Technology, Inc., the granting of stock options is a critical component to attracting and retaining qualified employees. In a time when we, not unlike many other companies, are faced with many challenges retaining many of our skilled employees and focusing on achieving profitability, we consider our stock programs one of the key elements of our Total Rewards Program. If FASB requires stock options to be expensed it will have an extremely harmful effect on our Company as well the technology sector as a whole by making their financial statements less transparent, less comparable, and less meaningful. We urge you to continue allowing footnote disclosure of stock option grants with no charge to earnings.

### **Stock Options Are Not an Expense**

Stock Options should not be considered an expense because there is no liability created or out of pocket cost to the company. This is necessary for an expense to be created under general accounting concepts. Stock options may represent an opportunity cost to the company, but this would be the only opportunity cost that is accounted for anywhere in the financial statements. Indeed, the Exposure Draft provides no citations to generally accepted accounting principles or concepts for its position that the granting of stock options creates a corporate level expense.

### **ESPPs**

We also respectfully request that you reconsider this proposal and not require expensing of the discount currently allowed for ESPPs.

We are concerned that required expensing of any discount in the ESPP is inappropriate. The cost to the company of issuing stock through an ESPP is significantly less than the cost that it would incur if it were to do a public offering for the same amount of stock.

Thus, we believe that some discount for stock issued to an employee is and should be considered non-compensatory. The current rules, particularly APB 25, which treats ESPPs the same for both tax and book purposes, should be retained.

From a policy standpoint, the significant change in accounting for ESPPs proposed in the Exposure Draft would cause companies to either discontinue their plans, or reduce or eliminate the current discount. Buying company stock through the ESPP would no longer be the incentive that it is intended to be, if the discount is greatly reduced or eliminated.

Unlike benefits aimed at high-paid executives, the ESPP has been a valuable benefit for most all employees across the company. Millions of workers in companies across the country are able to purchase their employer's stock through ESPPs. The program builds company loyalty and helps to promote high standards of work providing employees a sense of ownership.

We strongly urge FASB to consider the negative impact the proposed rule for ESPPs would have on the nearly 16 million workers and eliminate the expensing requirement for ESPP discounts in the final rule.

Sincerely,



David L. McQuillin  
Chairman and CEO  
Aspen Technology, Inc.

CC: SEC, Chairman, William Donaldson  
SEC, Chief Accountant, Donald Nicolaisen  
Employee Ownership Coalition (eoc@vennstrategies.com)