June 7, 2004
Director of Major Projects
Financial Accounting Standards Board
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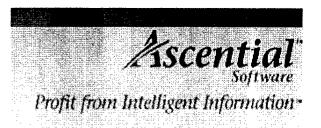
Letter of Comment No:3083 File Reference: 1102-100

Re: FASB Stock Option Expensing Proposal

Dear Sirs and Madams:

Stock options give employees at all levels a stake in the success of their companies. They encourage the hard work and entrepreneurial spirit that fuel innovation, increase productivity and boost shareholder returns. We have personally observed the motivating effects of employee stock option programs. Owning options gives employees a real stake in the success of their company and increases employee dedication and long-term commitment to the work of the company. Stock option programs are also good for shareholders because stock option programs reward employees only if the value of our company's stock increases, which also benefits all of our stockholders. In the past, stock options have enabled our employees to improve their quality of life in meaningful ways, providing down payments for a house, tuition for higher education and the like, thereby contributing to the local and national economies. And, that will certainly be the case again as the national economy begins to recover.

Due to the variability and the inability of various current pricing models to properly value stock options, mandatory expensing will significantly distort companies' financial statements, making them less, not more accurate than today, and making it impossible for investors to compare the financial picture of companies; while unnecessarily penalizing rank-and-file workers. We believe that both the Black-Scholes and binomial valuation methods, which were originally designed for free market traded options, will lead to at best confusing financial statements. This is because both methods neither method was designed to value employee stock options and, accordingly, result in inherently overstated option values. That, together with the fact that the FASB appears to be emphasizing the untested binomial method, will make company-to-company comparisons among companies choosing different valuation methodologies (each with its own set of assumptions) difficult, if not impossible, for the investor to parse. We believe that this confusion will lead to reduced investor confidence and will damage companies' abilities to attract and retain employees. We support the call for comprehensive FASB testing of multiple valuation models before proceeding any further, something that makes sense in



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every significant business undertaking and that can occur quickly and with the full support of the FASB and industry.

Many companies, including Ascential Software Corporation, grant stock options to the vast majority of their employees. If options are required to be treated the same as a cash expense, companies would be prone to drastically reduce the number of people who receive options, potentially restricting them to the most senior executives. This legislation recognizes the importance of broad-based employee stock options to rank and file employees, to innovation, and to economic growth that benefits all of us.

Stock options are an important component of total employee compensation at Ascential Software. Employees receive stock options when they are hired into the company, and are eligible for annual stock option grants based on individual performance. Further, employees are provided additional ownership opportunity through our employee stock purchase program. Stock options are vital to our ability to attract and retain the best and brightest, as well as to inspire the level of innovation and risk-taking required to maintain a competitive edge in our industry. If companies were forced to expense stock options and employee stock purchase plan discounts, Ascential Software, like many other technology companies, would be forced to seriously evaluate our practice of providing broad based stock options, as well as offering an employee stock purchase plan. In addition to putting us at a significant disadvantage in competing for local talent, we would also be at a global disadvantage relative to countries such as India and China, where companies are granting stock options without a requirement to expense them. This makes the economic case for off-shoring even more compelling.

Thank you for your consideration and interest in our submission.

ASCENTIAL SOFTWARE CORPORATION