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Letter of Comment No: 2802  
File Reference: 1102-100

**From:** Bob Allegor [RAllegor@Ironplanet.com]  
**Sent:** Thursday, May 27, 2004 6:43 PM  
**To:** Director - FASB  
**Cc:** george.miller@mail.house.gov; ellen.tauscher@mail.house.gov; senator@boxer.senate.gov; senator@feinstein.senate.gov  
**Subject:** Opposition To Expensing Stock Options

Dear Sir,

Allow me to introduce myself. I'm Bob Allegor and I'm currently the President & CEO of a company doing business as IronPlanet. I doubt that you've ever heard of IronPlanet, as it private and has only been in business four (4) years.

That the company exists at all is a reflection of the entrepreneurial spirit that sets this country apart from all others. While IronPlanet has become the third largest auction company in the United States for used heavy equipment (e.g. excavators, bull dozers, etc.), it is a classic "start-up", fifty-person company whose formation was made possible by the shared belief in a new idea ... an internet-based marketplace. This dream of a better, more cost and time efficient way to conduct business was and is shared by "smoke stack" investors such as Caterpillar, by business-nurturing venture capital firms and by fellow employees who have been willing to embrace a vision and dream.

For myself, I've been in industry for thirty-six years, the first twenty-eight as an employee of well-known, publicly-traded companies such as GE. During much of that time I was a member of the financial organizations of my employers and served as a Chief Financial Officer. Prior to joining IronPlanet, I was the President of a private, employee-owned (ESOP) company called DynCorp for four years. So, I've had first-hand experience with the multiple perspectives.

As I'm inclined to think there are any number of more technically competent accountants than I who can and have commented to you on the flawed logic of expensing something that is highly problematical, the calculation of which has more moving parts than an analog watch and that is a non-cash item already given adequate visibility through the current footnote reporting, I'll confine my articulation of opposition to the likely chilling effect your proposed treatment will have on the creation of new jobs and the alignment of interests as between investors/shareholders and employees.

From the perspective of a start-up company, our ability to attract competent people to a nascent business was very much influenced by permitting access to stock ownership. In order to draw people away from the comfort zone of publicly held enterprises, the success-based and success-inducing concept of meaningful stock options is probably the single biggest attraction to forming a good organization. As a then untested business concept, the hiring of people at compensation rates at or greater than market would have been financially reckless and an insufficient inducement. As a business that currently envisages approaching the public markets in order to refresh its capital base and provide the wherewithal to expand beyond North America, the expensing of stock options is going to create numerical obfuscation on an income statement burdened with theoretical calculations understood by few ... thus causing additional constraints on business growth and job creation.

Putting on my hat of public experience, when at GE we sought to establish the broadest base possible of employees touched by stock options. The logic was simple: Give everyone the opportunity to be "incentivized" to enjoy the fruits of creating additional shareholder value. Now you could argue that the so-called opportunity cost of doing that is exactly what you wish to treat as an expense. Given a marketplace that reacts harshly to profit swings and variations from the expected, one can easily foresee publicly help companies avoiding stock options and the accompanying self-flagellation of stock values. If you were to track GE's broadened distribution of stock options, you'd see a concurrent ramping-up in its productivity ... making it the world class company it was and is.

In closing, I urge you to withdraw the Exposure Draft, *the Share-Based Payment, and Amendment of FASB Statements No. 123 and 95*. Don't allow the FASB to be stampeded into an unnecessary, counterproductive pronouncement by forces seeking to remedy wrongs perpetrated by the likes of Enron, Tyco and World Com. Just because the FASB wields the GAAP hammer, not everything is an Enron nail.

Respectfully,  
Robert B. Allegor  
President & CEO,

5/28/2004