



Software Finance & Tax Executives Council

1150 17th Street NW, Suite 601, Washington, DC 20036

Phone: (202) 331-9533, Fax: (425) 732-9206

March 20, 2003

Honorable David Dreier
U.S. House of Representatives
Washington, DC 20515

Honorable Anna Eshoo
U.S. House of Representatives
Washington, DC 20515

**Re: Support for Broad-Based Stock Option
Plan Transparency Act of 2003**

Dear Congressman Dreier and Congresswoman Eshoo:

On behalf of the Software Finance and Tax Executives Council (SoFTEC), I write to applaud and thank you for your leadership in authoring the Broad-Based Stock Option Plan Transparency Act of 2003. This legislation, which SoFTEC strongly supports, will ensure that financial statements prepared under Generally Accepted Accounting Principles will remain of the highest quality and will protect access to stock options for rank-and-file employees.

SoFTEC is a trade association providing software industry focused public policy advocacy in the areas of tax, finance and accounting. Because all SoFTEC members provide stock options broadly to their workforces, they long have had an interest in stock options accounting issues.

SoFTEC members firmly believe that a rule requiring that stock options be shown as an expense in the financial statements would degrade the quality of information reported to financial statement users. Your legislation, on the other hand, would improve the quality of information provided to investors by enhancing the disclosure of the details of companies' stock option plans. The stock options expensing rule advocated by some rely on complex mathematical models developed for a different purpose and their application to employee stock options, in the view of many experts, yields results that are unsuitable for use in financial statements. We believe that financial statement users would be better served if they had access to the type of information regarding stock options that your legislation would require be disclosed.

Once again, thank you for your continued leadership on the important issue of stock options accounting and your authorship of this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Nebergall".

Mark E. Nebergall
President
Software Finance and Tax Executives Council