With each company that announces plans to start expensing options, the griping about figuring out what they're worth grows louder. "Current valuation methods available for expensing stock options are not ideal," complained General Motors CFO John Devine at the time he announced GM's decision to expense options.

The most common pricing model, Black-Scholes, wasn't designed to handle employee options, which cannot be traded and are lost if an employee leaves before they are exercised. Both restrictions should result in a price discount, but because there's no market standard, FAS 123 doesn't allow companies to estimate what the discount should be. (The Financial Accounting Standards Board does define a calculation for expected pre-vesting forfeitures.)

The bottom line? "The numbers appearing in footnotes are way too high—by about 50 percent," says John Finnerty, a finance professor at Fordham University and a principal at New York–based Analysis Group/Economics. No wonder CFOs are unhappy about moving those numbers onto their income statements.

Enter Coca-Cola. One of the first companies to announce plans to expense options, Coke plans to determine fair value by soliciting bids from at least two investment banks and averaging the result. The plan was devised by board member Warren Buffett. "There are a lot of decisions that need to be made when you apply Black-Scholes, and they are subjective," explains spokesperson Kari Bjorhus. "We felt it would be more fair and objective to ask third parties."

Objectivity may not be the only benefit. The banks are likely to use Black-Scholes in their pricing models, too. But under FAS 123, the resulting bids presumably would qualify as a "quoted market price"—which can include discounts for nontransferability and forfeiture potential. That could mean Coke's options expenses will be a lot lower than those of companies that do their own Black-Scholes calculation. In theory, however, they will be more accurate, since Coke could require the banks to act on the bids. Bjorhus says Coke has yet to work out all the details.

Finnerty applauds Coke's approach, but suggests the banks probably will act more as consultants than actual bidders, since employee options can't actually be sold. Although investment banks might be willing to humor a few big clients like Coke, it's unlikely that they will be willing to regularly make futile bids on options for every public company that offers them. "I suspect they'll be well paid by Coke," says Finnerty.