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Letter of Comment No: 5816

File Reference: 1102-100

From: Christiansen, Larry [lchristiansen@gentex.com]

Sent: Wednesday, June 30, 2004 3:26 PM

To: Director - FASB

Subject: Expensing of Stock Options (File Ref. 1102-100)

I would like to take a moment and express my views on the Expensing of Stock Options (File Ref. 1102-100). And to ask that you consider the impact that such an Act will have on the health of the professional and business world.

Please consider the following:

- Stock options are not the same as market traded options. There is no proven, valid model predicting the cost of stock options.
- There is no proof that broad-based stock options are responsible for market scandals. Expensing options of broad-based stock option programs will do nothing to eliminate future scandals.
- Entrepreneurship is the best chance the U.S. has to keep jobs from moving overseas. Expensing stock options will reduce entrepreneurship by eliminating option incentives. Millions of additional jobs will move to the Far East as a result of our inability to compete.
- The first options to be eliminated will be those of lower and middle management. This will do most damage to middle America, causing greater income inequality.
- Small companies create most jobs. Expensing options will hit small companies the hardest.
- Expensing stock options goes far beyond the accounting issues. It's an economic issue that will do great damage to American industry.
- The FASB plan will produce grossly inaccurate financial reporting at sharp inflection points in our economy causing investors to sell or buy shares based on wrong information. The cost to investors will be staggering.
- Stock options usually have no real values until Vested which is normally a couple of years. And remain only a promise of compensation should a company do well.

Myself, and many others would be greatly affected by policies that require expensing of stock options by broad-based stock option programs.

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