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Letter of Comment No: 2689 File Reference: 1102-100

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Sent: Friday, May 21, 2004 5:21 PM

To: Director - FASB

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

Dear Sir or Madam.

I am writing to express my position <u>against</u> the expensing of stock options. As a mid-level employee of a company that rewards nearly all salaried employees with stock options, I have enjoyed the benefits first hand. Below are the reasons I feel stock option expensing should not be mandatory:

- 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. Given our infamous tort system, who will be liable?
- Stock options play an important part in aligning employee interests and shareholder interests.

I am strongly opposed to any mandatory expensing.

Sincerely.

Kent Ypma 5311 32nd Ave. Hudsonville, MI 49426