Stock option expensing

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From: Duckworth, Paul [pduckworth@gentex.com]

Sent: Friday, May 21, 2004 10:06 AM

To: Director - FASB

Subject: Stock option expensing

Dear Director,

This letter is written to express my position against the expensing of stock options.

I recently went through an employment transition, leaving a large multi-billion dollar company to join the small entrepreneurial company of Gentex Corporation. One of the most important cultural differences that impacted me was the high degree of ownership expressed and demonstrated by all the employees. The key is that at Gentex every employee is a part owner of the company by participating in a broad based employee stock option program (ESOP). The ESOP has many positive benefits. Just a few are:

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- People focus on the important aspects of their work and seek to accomplish it by the most efficient and effective means.
- Company benefits and property are handled appropriately, reducing wasted or hidden expenses.
- Work is done more efficiently because people can be trusted more to do the RIGHT things rather than just blindly follow "policy".
- Innovation is spawned resulting in new technologies, processes and products which help keep the USA at the forefront of a global economy.
- People are willing to work longer and harder to reach corporate goals and help keep the company and our
 economy competitive.
- Team work oriented attitude is comes more naturally as people put petty differences aside for the sake of moving the company forward.

Stock options are something normally thought to only exist in the executive rank of large companies and results in animosity between upper and lower levels of employees. Broad-based ESOPs are where real benefits of the ESOP is realized. Legislation regarding the ESOP should focus on limiting its use as an exclusive benefit for upper level executives and encourage its use among the lower ranks.

Entrepreneurship (generated by ESOP) 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.

Gentex's broad-based stock option program has created 2000 jobs in the Midwest. Now our entire entrepreneurial system (if not the life of our company) is threatened. Therefore, I strongly oppose any accounting policy that requires expensing of stock options by broad-based stock option programs as is being proposed by FASB.

Sincerely.

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