Letter of Comment No: 5607

File Reference: 1102-100

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From: Sent:

Tuesday, June 29, 2004 4:10 PM

To:

Director - FASB

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

This is written to express Gentex Corporation's position against the expensing of stock options.

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 United States has to keep jobs from moving overseas. Expensing stock options will reduce entrepreneurship by eliminating option incentives. Millions of jobs will move overseas as a result of our inability to compete in the market.

The first options to be eliminated will be those of lower and middle management. This will do the most damage in Middle America, causing greater income inequality.

- Small companies create the most jobs. Expensing options will hit small companies the hardest.

- Expensing stock options goes far beyond the accounting issues. It is an economic issue that will do great damage to American industry.

- The FASB plan will product 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?

I am very much against any accounting policy that requires expensing stock options by broad based stock option programs.

Keiffer Sestric

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