

From: Pierce, Mark [MPierce@gentex.com]
Sent: Monday, June 28, 2004 3:35 PM
To: Director - FASB
Subject: Expensing of Stock Options (File Ref. 1102-100)



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

I am a concerned citizen, an investor with over \$500,000 dollars of investments, and have degrees in both electrical engineering and computer science. I have reviewed the proposal and cannot see any reason for this rule change.

These rules seem to go against what is needed in corporate governance. As an investor I want factual numbers to base my decisions on, not somebody's best guess as to the value of options affecting the reported earnings and taxes of a company. Reporting of actual financials, along with numbers that show the number of options outstanding, is what is needed.

There is a presumption of some kind that this action would help avoid the market scandals of late. I cannot possibly see how. Rules that limited how many options go to top management versus lower employees or reporting of option numbers for top executives may help, but there are many more effective measures to be taken than that. The hidden debts in "off balance sheet" subsidiaries and outright lying about oil reserves and trading activity are just two examples of accounting practices which should be addressed.

The stock options I receive give my employer flexibility to attract and motivate talented workers. Paying taxes and additional reporting of some "guess" will discourage employers from offering options. There is no realistic way to predict the value of options. Factors such as employment levels and market fluctuations can not be predicted.

US companies are facing very real disadvantages in competing with foreign workers in a variety of costs built into our system. Making the US rules conform to their accounting rules does not make sense when they do not follow our safety, work hours, environmental, and similar rules.

Accurate reporting of option liability (Number of shares and average option price) in annual and/or quarterly reports could be easily instituted and would inform any intelligent investor. The inclusion of shares available for options in the "fully diluted" EPS numbers is enough for most of us.

Sincerely,

Mark Pierce
Grandville, Michigan