

June 2, 2004

Letter of Comment No: 3053
File Reference: 1102-100

Email: director@fasb.org

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

This letter is written to express my 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 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. Based on my calculations, the reduction in EPS for Gentex will be 10-15%.

I am against any accounting policy that requires expensing of stock options by broad-based stock option programs. I rely on a relatively small amount of these options to subsidize my salary to what I believe to be a fair market value, based on today's economic conditions. If this legislation is passed, the company I work for will not cut out options to the highest levels of management. They will cut out any shares granted to me and other mid-level technical and management positions. This is not the intent of the proposed FASB reform, but it is the negative result of a near-sighted policy.

Sincerely,

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