

Telesoft International Inc

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Robert H. Herz, Chairman
Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Director of Major Projects—File Reference No. 1102-100

Dear Chairman Herz:

It is a fact of business life today that stock options are used by employers to reward and motivate employees in lieu of significant salary increases. These stock options are attractive in that if the company prospers and the stock rises, the employees directly receive the benefits of the profits. When it comes to salary size, small businesses are at a disadvantage compared to their larger competitors. Stock options help small businesses level the playing field in the fight to win over the best possible employees. Without stock options, small businesses would be defeated in the struggle for the best recruits.

The FASB is proposing a standard that would involve the mandatory expensing of stock options. I feel strongly that is an important issue that will adversely affect all small businesses in operation today and maybe even those planned in the future should it be implemented. Stock prices always fluctuate and the actual price of a share is always unknown until the point of sale. Requiring a company to expense these options before they are exercised is just bad accounting because it is accounting based on a guess. Until the option is exercised, the company hasn't incurred an expense; requiring a company to expense the options when there is no cost yet to the company will cause the stock price to decline.

I sincerely appreciate the time you are taking to review my arguments against the proposed new standard. I assure you that my concerns are shared by many other business owners. Personal freedom should never be compromised with heavy handed government standards as the FASB is attempting to do. Thank you once again for your time and consideration.

Sincerely Yours,



Chris Cox