

Letter of Comment No: 6504
File Reference: 1102-100

Isky Factory Automation

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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:

Stock options are extremely important to the ability of small business to attract and retain top caliber employees. Equity components are critical to businesses, especially in the high tech industry. Incentive programs have been key to our company--many would not consider employment without it. If this option is not available to small businesses, it will most certainly affect their ability to compete with larger companies.

The idea behind a stock option is that an employee receives the stock at a certain value. As the employee helps with the success of the company, the value of that stock will increase and the employee shares in the company's success. Mandatory expensing, as proposed by the FASB, would require a value be placed on a stock option before it has been exercised, when in fact the value of that option cannot be determined until it is exercised. This would be yet another roadblock for company finance.

Don't let small business owners down. Please oppose any mandatory expensing of stock options and let us focus on running our businesses without unnecessary added reporting bureaucracy.

Sincerely Yours,


Michael Yockey