Stacey Sutay

From: Robert B. Harris, PhD. [rharris@cbi-biotech.com]

Sent: Monday, May 17, 2004 1:24 PM

To: Director - FASB

Cc: rharris@cbi-biotech.com Subject: File Reference 1102-100

Sir/Madame:

Commonwealth Biotechnologies, Inc. (CBI), Richmond, VA (NASDAQ exchange; CBTE) is a small business whose revenues are derived principally from contract research services in the areas of bio-defense, comprehensive contract research, and clinical trial laboratory support services. As such, we routinely use incentive stock options to attract and retain highly qualified individuals. From CBI's perspective, broad-based option plans are an entrepreneurial incentive that sparks innovation, enables the creation and jobs, and helps align the interest of employees.

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Further, in our estimation, there is no direct evidence that unethical and illegal corporate behavior aimed at inflating stock values is in any way tied to broad based stock options plans. In fact, the "cost" of options is already reflected in our financial statements with regard to dilution of earnings per share.

While many may see option expensing as an issue only for technology firms, it is ijn fact, a major issue for all companies across all industry sectors who have successfully used options to attract talent. Mandatory expensing will discourage the use of options, which will not only discourage entrepreneurship and business development, but will also have far-reaching negative economic impact on many U.S. industries and especially small businesses, hurting rank and file workers, competitiveness and innovation.

FASB's plan will not improve corporate governance and will not help investors gain a complete understanding of a company's finances. No valuation model for options (e.g. the Black-Scholes or lattice models) is considered to be reliable, consistent or comparable. Stock options are very different from market-traded options. It is impossible to create an accurate value and expensing model based on available methodologies and implementation of such spurious models would serve to undermine the credibility of financial statements. If companies are allowed to adopt FASB's different valuation models, inconsistent valuations and investor misinformation will be the result.

In this regard, I ask that FASB pay heed to the thousands of comment letters that it must be receiving and re-consider implementation of the relevant FASB rulings.

Sincerely,

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