Kitson Brothers Inc

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Letter of Comment No:3132 File Reference: 1102-100

May 25, 2004

Robert H. Herz, Chairman

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

Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116

Norwalk, CT 06856-5116

Dear Chairman Herz:

The FASB must realize that for over 10 years now, minimal salary increases have been a fact of life for most businesses. Even with a restricted ability to boost salaries, stock options have allowed businesses to reward excellent work and help our people build nest eggs for the future. This form of compensation makes practical sense for most companies, their people and their outside shareowners. With the FASB making moves to have businesses expense these options before they are even exercised, there could be trouble on the horizon for employers who wish to continue giving them out.

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. Many companies would find this kind of accounting nightmare to be unbearable. Stock options could become a thing of the past.

The mandatory expensing of stock options is a serious mistake. Small business owners cherish the flexibility to compensate their employees as they see fit. This is a freedom that has allowed for the continued success of the small business in the United States. We cannot have governmental intrusion into small business affairs at such a critical time in our economy's recovery. Please reject this move!

Sincerely Yours,

Ulindy Liton, Pres.
Wendy Kitson