



Letter of Comment No: **2**
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August 14, 2003

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

Dear Chairman Herz:

Dot Foods, Inc. wishes to express our serious concerns regarding the severe impact that we believe Statement of Financial Accounting Standards No. 150 (SFAS 150) will have upon our family owned business. We strongly encourage the Financial Accounting Standards Board (the Board) reconsider its decision to make SFAS 150 applicable to non-public entities.

SFAS 150 requires that Dot Foods, Inc. classify as liabilities any financial instrument issued in the form of shares that is "mandatorily redeemable." A financial instrument is "mandatorily redeemable" if it requires the issuer to redeem it by transferring its assets at a specified or determinable date upon an event that is certain to occur. Among such events are the death or termination of employment of an individual shareholder of the entity.

SFAS 150 also requires that Dot Foods, Inc. recognize a loss at the time of the redemption of the "mandatorily redeemable" financial instrument in the form of shares equal to the excess of the amount of the redemption liability over the amount paid for the shares redeemed. This is especially problematic for Dot Foods, Inc. who establishes fair market value retroactively, as we have no value to report at the time of the redemption. Further, because Dot Foods, Inc. has been successful, our share fair market value is substantially in excess of book net worth, thereby causing the company to appear to be extremely insolvent.

Dot Foods, Inc. has agreements with their shareholders obligating Dot Foods, Inc. to redeem a shareholder's interest in the entity when that shareholder dies or becomes disabled. These agreements represent the only means for Dot Foods, Inc. owners to realize value for their interest other than through the sale of the entity. These agreements are also particularly important to limit ownership solely to family members.

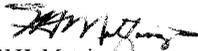
Many non-public entities have operated successfully for years with redemption agreements in place, without having to recognize the effects of these arrangements directly on their balance sheets, and without creating any disclosure or other problems as to their financial condition.

Dot Foods, Inc. is very concerned that the practical effect of the requirements of SFAS 150 will wipe out our net worth. This result will, without justification, make it difficult or impossible for Dot Foods, Inc. to satisfy its "net worth" requirements of our existing loan covenants. Therefore, putting us into default on these loan agreements

We also believe that when applied to Dot Foods, Inc., the SFAS 150 requirements present an overly pessimistic picture of the entity's financial position. In most cases, the assets of the entity are available to satisfy obligations to creditors prior to the obligations to redeem shares. Indeed, state corporate laws include provisions that govern the ability of a corporation to redeem its shares, and such laws clearly provide that contributed capital and retained earnings constitute equity, and not a liability. We suggest that if the redemption obligation is material, footnote disclosure may be appropriate.

Dot Foods, Inc. believes that SFAS 150 will have unduly harsh and unwarranted consequences if its application is extended to non-public entities. We respectfully urge the Board to act promptly to reconsider, or at a minimum, delay its decision to make SFAS 150 applicable to non-public entities.

Respectfully submitted,



W.H. Metzinger
Chief Financial Officer

WM:pb

cc: Suzanne Bielstein, Director, Financial Accounting Standards Board