

# COUNCIL OF INSTITUTIONAL INVESTORS

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## Via Email

July 17, 2008

Robert H. Herz  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5166

Dear Mr. Chairman:

I am writing to you on behalf of the Council of Institutional Investors (“Council”). The Council is a nonprofit association of public, union and corporate pension funds with combined assets that exceed \$3 trillion.

Council member funds are major long-term shareowners with a duty to protect the retirement assets of millions of American workers. The Council strives to educate its members and the public about good corporate governance, shareowner rights and related investment issues, and to advocate on our members’ behalf.

As you are well aware, some parties have alleged that the ongoing credit crisis has been exacerbated by accounting standards that require or permit fair value measurements for certain assets and liabilities. In response to those and other related allegations about fair value accounting, the Council commissioned Stephen G. Ryan, Professor of Accounting and Peat Marwick Faculty Fellow at the Stern School of Business, New York University, to prepare a white paper evaluating those issues.

The resulting attached white paper, entitled *Fair Value Accounting: Understanding the Issues Raised by the Credit Crunch*, includes an analysis and suggested improvements to Statement of Financial Accounting Standards No. 157, *Fair Value Measurement*, and other information that might be useful to the Board in its current and future standard setting activities. The white paper concludes that although some of the recent criticisms about fair value accounting might be valid, fair value accounting provides more useful information to investors than other existing approaches.

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If you have any questions regarding the white paper or if we can be of any assistance to you or the staff, please do not hesitate to contact me at [jeff@cii.org](mailto:jeff@cii.org) or 202.261.7081.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Mahoney".

Jeff Mahoney  
General Counsel

Attachment

cc: George J. Batavick (via email)  
Thomas J. Linsmeier (via email)  
Leslie F. Seidman (via email)  
Lawrence W. Smith (via email)