

# COUNCIL OF INSTITUTIONAL INVESTORS

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Suite 500 • 888 17<sup>th</sup> Street, NW • Washington, DC 20006 • (202) 822-0800 • Fax (202) 822-0801 • [www.cii.org](http://www.cii.org)

July 17, 2008

Sir David Tweedie  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear Mr. Chairman:

Thank you and your colleagues for taking the time to visit us last week. We found the meeting very informative. We are confident that the Council of Institutional Investors (“Council”) can serve as an important resource for providing investor representation and views to the International Accounting Standards Board (“IASB” or “Board”) and the International Accounting Standards Committee Foundation (“IASCF”).

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.

It is our understanding that the IASB has a current project to improve fair value measurement guidance. 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 suggested improvements to the guidance contained in Statement of Financial Accounting Standards No. 157, *Fair Value Measurement*, and other information that might be useful to the Board in its fair value measurement project and its other 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.

July 17, 2008

Page 2 of 2

Thank you again for taking the time to visit the Council. If you have any questions regarding the white paper or if we can be of any assistance to the IASB or IASCF, 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". The signature is written in black ink and is positioned above the typed name and title.

Jeff Mahoney  
General Counsel

Attachment

CC: Wayne Upton, Director, International Activities, IASB (via email)