

COUNCIL OF INSTITUTIONAL INVESTORS

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July 18, 2008

Mark W. Olson
Chairman
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

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. We strive to educate our 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 Public Company Accounting Oversight Board (“PCAOB”) staff is currently considering potential updates to existing standards that are pertinent to the audit of fair value measurements. As you are 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 Measurements*, and other information about fair value measurements that might be useful to the PCAOB in considering updates to its auditing standards relating to fair values. Of note, 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 PCAOB staff, please do not hesitate to contact me at jeff@cii.org or 202.261.7081.

Sincerely,

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

Jeff Mahoney
General Counsel

Attachment

cc: Daniel L. Goelzer, Member
Bill Gradison, Member
Steve Harris, Member
Charles D. Niemeier, Member
Thomas Ray, Chief Auditor and Director of Professional Standards