Suzanne O. Bielstein MP & T Director Financial Accounting Standards Board File No. 1102-001

Letter of Comment No: 153 File Reference: 1102-001 Date Received: |-3|-03

Via Electronic Mail: director@fasb.o.

January 31, 2003

RE: Invitation to Comment on Accounting for Stock-Based Compensation: A Comparison of FASB Statement No. 123, Accounting for Stock-Based Compensation, and Its Related Interpretations, and IASB Proposed IFTS, Share-Based Payment

## Dear Members of the Board:

I am writing to express my support for the U.S. Financial Standards Accounting Board's ("FASB") recommendation that employee and non-employee stock options be treated as measurable expenses of a corporation. I applaud the Board for making this recommendation notwithstanding the broad and intense opposition to the notion of expensing stock options, and strongly urge the Board to insist that common sense prevail by requiring a standard that will place an assessable value on this popular equity instrument.

As the State Comptroller of New York (an investor, shareholder, and sole trustee of the nation's second largest pension fund at approximately \$100 billion in assets), I would like to emphasize the importance of reporting and disclosure of stock options as expenses. Although higher expenses translate into lower returns, corporations must be obligated to show their shareholders an accurate depiction of performance and financial health, and not to withhold disclosure of expenses associated with numerous and lofty stock option plans in order to keep shareholder and other financial reports superficially pleasing. The disclosure of stock options as an expense is important information for investors and shareholders to have in order to make informed decisions, especially in light of the recent scandalous stock market manipulations that have caused pension funds around the nation substantial losses.

I have two comments that I ask the Board to consider before making final this proposal. First, I ask that the Board recommend a particular accounting method with as few variations as possible to be utilized as a standard for recording the expensing of stock options. Fewer choices of accounting methods offered for expensing stock options vield fewer opportunities to manipulate the valuation of a company and its stock.

In addition, I believe these expenses should be reported in quarterly shareholder reports, not just annual reports. Not only will stock options be formally tracked and recorded more frequently in a standard way, but this reporting will also provide shareholders an opportunity to consider corporate practices of granting long-term and short-term, employee and non-employee stock options and what these practices mean to the value of their own shares.

In the spirit of promoting transparency and the restoration of investor confidence in the stock market, setting dependable standards is paramount. I thank you for giving me the opportunity to contribute recommendations to your decision-making process.

Sincerely,

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Alan G. Hevesi Comptroller Office of the State Comptroller of New York