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File Reference: 1101-001
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Financial Accounting Standards Board
Director of Major Projects and Technical Activities
File Reference No. 1101-001

RE: Exposure Draft
Accounting for Stock-Based Compensation - Transition and Disclosure
Issued October 4, 2002

To Whom It May Concern:

This letter presents the comments of Frederic W. Cook & Co., Inc. in regard to the above referenced Exposure Draft.

Frederic W. Cook & Co. provides consulting assistance to corporations in developing compensation plans for their executives and key employees. Formed in 1973, we have served over 1,300 clients from offices in New York, Chicago, and Los Angeles.

Our objective is to add value to our clients' compensation programs through an independent viewpoint that balances the design and competitive level of compensation with its resulting impact on shareholder-value creation. Our consultants are widely recognized as experts in the field of equity-based compensation. As such, we believe we are strongly qualified to comment on the proposed rule changes.

In summary, we are supportive of all amendments to Statement 123 proposed in the Exposure Draft. In furtherance of the goal of enhanced and more prominent disclosure of stock compensation costs for companies remaining under Opinion 25, we recommend that such companies be permitted (but not required) to disclose statements 123 pro forma amounts on the face of the income statement (see paragraph A16 of the Exposure Draft).

As the FASB prepares its Invitation to Comment in response to the anticipated release of the IASB's Exposure Draft on share-based payment, we urge the FASB to reassert its rationale in Paragraphs 114 and 149 of Statement 123 as a rebuttal to the negative comments the FASB is likely to receive in regard to the validity of using option pricing models in the determination of fair value.

Respectfully submitted,

Frederic W. Cook & Co.