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**From:** Jennifer Kabat [jkabat@copera.org]  
**Sent:** Wednesday, June 30, 2004 5:32 PM  
**To:** Director - FASB  
**Subject:** File Reference No. 1102-100, Comment

**Letter of Comment No:** 5782  
**File Reference:** 1102-100

June 30, 2004

Director of Major Projects-File Reference 1102-100  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Re: File No. 1102-100

Dear Director:

The Colorado Public Employees' Retirement Association ("Colorado PERA") is a public pension fund with over \$29 billion in assets, and is responsible for providing benefits to over 344,000 public employees, retirees and beneficiaries. In addition, Colorado PERA is a long-time member and supporter of the Council of Institutional Investors, and we join our colleagues in commenting on the exposure draft regarding share-based payment which calls for the expensing of all share-based payments, including stock options, awarded to employees.

**Colorado PERA commends FASB's decision to propose a standard that requires transparency in financial statements and, thus, we support the proposed Statement.**

As a public pension fund charged with fiduciary responsibilities to prudently invest its funds on behalf of public employees, retirees and beneficiaries, Colorado PERA must receive meaningful information about the companies it considers for investments. Audited financial statements are the primary source for such information and must be comprehensive by recognizing all aspects of a companies performance. Share-based compensation is a cost that impacts performance assumptions and is vital to investors who use financial data to evaluate its investments. Further, standardizing the method of accounting for such costs, by requiring a fair-value-based method, will result in our ability to more accurately compare investment alternatives.

Colorado PERA also supports the Council of Institutional Investors' suggestion to require disclosure of three years of data on actual volatility of the underlying share price to further promote an investor's ability to evaluate the reasonableness of the assumptions provided in the financial statement.

The proposed Statement is a valuable step in the right direction to prevent the type of misconduct in financial reporting that triggered the recent U.S. corporate scandals. Honest and thorough disclosure of relevant assumptions can only lead to improving the quality of financial statements.

On behalf of Colorado PERA, our public employees, retirees and beneficiaries, we applaud your actions, appreciate the opportunity to provide our comments and encourage FASB to adopt meaningful changes to financial accounting standards.

7/1/2004

Sincerely,

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Meredith Williams  
Executive Director  
Colorado Public Employees' Retirement Association

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