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March 17, 2003

CL 169

Ms. Kimberley Crook
Project Manager
International Accounting Standards Board
30 Cannon Street, London
EC4M 6XH, United Kingdom

**Re: Exposure Draft Reporting Standard
“Share-Based Payment”, ED2**

Dear Ms. Crook,

On behalf of the Ontario Teachers' Pension Plan, we are writing in response to the Exposure Draft of the proposed International Financial Reporting Standard, “Share-Based Payment” ED2. The Ontario Teachers' Pension Plan is responsible for the retirement income of 154,000 elementary and secondary school teachers, 89,000 retired teachers and their survivors, and 91,000 former teachers with entitlements in the plan. The plan had net assets of \$66.2 billion at the end of 2002 and a long-term rate of return of 10.6% per year since 1990.

We are very concerned regarding the issue of the expensing of stock options and we have petitioned the Canadian authorities repeatedly for the expensing of stock options in Canada. We submitted a letter to your organization on November 26th, 2001 and we are encouraged to see that the Exposure Draft reflects our concern that stock options used to attract, retain or compensate employees be reported as expense in income statements. We commend the International Accounting Standards Board in its efforts to lend credence to international financial reporting on this issue.

Teachers' supports the basic principle of ED2 – that the value of all shares and options be estimated at their fair value at the date of grant and then expensed over the vesting or service period. Our main belief is that the valuing of stock options at the date of grant is the most appropriate valuation that adequately reflects the nature of the compensation transaction.

We thank you for your efforts on this issue and we look forward to the final posting of this international accounting standard.

Sincerely,

Claude Lamoureux,
Chief Executive Officer