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

March 7, 2003

Dear Ms. Crook:

The International Corporate Governance Network's (ICGN) Accounting and Auditing Practices Committee is writing in response to your Exposure Draft of a proposed International Financial Reporting Standard, "Share-based Payment," ED 2.

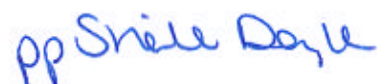
As stated in the ICGN 2002 remuneration report, we support changes in international accounting rules for all share-based payments. Of particular importance to the users of financial statements is that all transactions undertaken by a company, regardless of the currency (cash, stock, real property, or stock options) should be recognized in financial statements. To do otherwise has the potential to misstate corporate financial performance and results in a disservice to those who rely on the credibility of financial reports. Current international reporting standards do not require appropriate financial reporting for all share-based payments. In the U.S. and other jurisdictions, one type of payment—the fixed, at-the-money stock option—can always result in zero expense in financial statements, regardless of the number of options issued. Other types of options and payments in shares, can result in recognized expenses, resulting in an unlevel playing field across all forms of compensation. We are encouraged that you are attempting to improve reporting in this area, and we are hopeful that the U.S. Financial Accounting Standards Board will reconsider its accounting rules. It would be in everyone's best interests if there were a single method of accounting required for share-based payments for all companies, regardless of their geographical location.

We support the basic principles in ED 2: estimate the value of all shares and options at their fair value at the date of grant, and expense that value over the vesting or service period, without adjustment for changes in stock price after the date of grant. We believe that valuing stock and

options at the date of grant most appropriately reflects the nature of the compensation transaction, and is consistent with other forms of equity compensation payments.

If you have questions about our views or if you would like additional information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "pp Shelle Doyle". The signature is written in a cursive, flowing style.

Elizabeth A. Fender
Chair, ICGN Accounting and Auditing Practices Committee
Director, Corporate Governance, TIAA-CREF