

## Financial Accounting Standards Board

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DENNIS R. BERESFORD  
Chairman

June 9, 1994

The Honorable Barbara Boxer  
United States Senate  
112 Hart Senate Office Building  
Washington, DC 20510

and

The Honorable Joseph Lieberman  
United States Senate  
316 Hart Senate Office Building  
Washington, DC 20510

Dear Senators Boxer and Lieberman:

Your letter of May 25 expresses concern about the FASB delaying a final decision on its stock compensation proposal until after the end of 1994.

What the Board has announced is that issuance of a final pronouncement is now expected during the quarter ended March 31, 1995. However, deliberations on that pronouncement began on June 8, in the "sunshine" and with broad monitoring and press coverage that will be supplemented by our own interim reports on tentative decisions. While no Board decision is final until we have signed ballots based on a complete draft, we expect that the public will be able to gauge, well before the end of the year, the likelihood that companies will have to account for options granted to employees.

Our formal Rules of Procedure (patterned after the Federal Administrative Procedure Act) require that our redliberations give full and fair consideration to each accounting and measurement issue that was raised in the letters of comment on our proposal, testimony at our hearings, the field tests conducted by us and others, various research studies that were done at our request, and in other sources of input to our "due process." We cannot shortcut our normal due process procedures just because our proposal was unpopular with many of our constituents.

Although we expect that it will take some time after the start of the new year to publish our decisions in a formal FASB pronouncement, I anticipate that the key decisions will have been made and widely disseminated before the end of 1994.

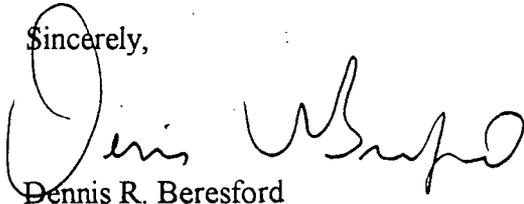
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Also, I was disappointed that your May 25 letter referred to our field test as "inadequate." Perhaps you had not yet had an opportunity to review our detailed response to your inquiry about the field test (my 15-page letter dated May 19, 1994), or perhaps my letter crossed in the mail with yours. For reasons explained in my letter, we consider our field test to have fulfilled its purpose.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis R. Beresford". The signature is written in a cursive style with a large initial "D".

Dennis R. Beresford