

cc: Board, TSL, JTB, DM, D. Willis,
J. LaGambina, D. Harrington,
V. Conway

Financial Accounting Standards Board

401 Merritt 7, P.O. Box 5116, Norwalk, Connecticut 06856-5116 | 203-847-0700
Fax: 203-849-9714



DENNIS R. BERESFORD
Chairman

August 28, 1992

Mr. John S. Reed
Chairman
Citicorp
399 Park Avenue
New York, New York 10043

Dear John:

The tone of the recent press attention to communications between the Business Roundtable companies and the FASB is, in my opinion, unfortunate. In spite of my comments to the contrary, press reports seem to characterize meetings with us and letters to us as unusual or inappropriate behavior. That is not the case, and I want that to be clear to you.

By now a dozen or so CEO's have written to me about our accounting for stock compensation project. All of them would prefer no change to the present rules for accounting for stock options. Of equal or perhaps even greater importance, is the fact that most of these letters have urged us to carefully study the accounting issues through our normal due process--and not adopt a position based on perceived pressure from government officials. (That, of course, is the way we are approaching the project.) And several of the letters have offered assistance as our project moves forward.

I have responded individually to these letters, and they all are distributed to Board and appropriate staff members--just the same as comment letters on any technical issue. I should add that these letters become part of our public records and are made available to anyone who asks for them.

In response to reporters who have called me about the accounting for stock options, I have stressed the following points:

- Meetings with groups like the Roundtable and individual companies are part of our regular process and occur on all projects
- It is not unusual to have meetings closed to the public, as long as a majority of Board members do not attend

Mr. John S. Reed

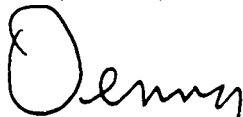
Page 2

August 28, 1992

- All of our deliberations occur in public meetings, as do meetings of our task force and similar meetings where all Board members attend
- We have had a good level of cooperation from corporations, compensation consultants, auditors and others on the stock compensation project
- We have reached only a few, very tentative decisions on this project, and our deliberations will continue for some time. At this point I cannot predict what our overall position will be, or even whether a sufficient number of Board members will agree on an overall position
- If we are able to develop an overall position, it will become an exposure draft probably followed by field testing and a public hearing

Those of us from the FASB who attended the June 8th meeting in your offices thought it was a candid yet cordial exchange of views. We welcomed that opportunity to meet with you, and hope that we will continue to do so on a regular basis.

Very truly yours,



Dennis R. Beresford

DRB:js

cc: H. Brewster Atwater, Jr.
Thomas E. Jones