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Columbia Business School established the Center for Excellence in Accounting and Security Analysis last year under the direction of Professor Stephen Penman and Trevor Harris. The Center ("CEASA") aims to be a leading voice for independent, practical solutions for financial reporting and security analysis, promoting financial reporting that reflects economic reality and investment advice that communicates sound valuations.

CEASA’s mission is to develop workable solutions to issues in financial reporting and accounting policy; produce a core set of principles for equity analysis; collect and synthesize best thinking and best practices; disseminate ideas to regulators, analysts, investors, accountants and management; and to promote and encourage sound research on relevant issues. Drawing on the wisdom of leading experts in academia, industry and government, the Center produces sound research and identifies best practices on relevant issues. CEASA’s guiding criteria are to serve the public interest by supporting the integrity of financial reporting and the efficiency of capital markets.

Located in a leading university with a mandate for independent research, CEASA is positioned to lead a discussion of issues, with an emphasis on sound conceptual thinking and without obstacles of constituency positions.

The Center is supported by our generous sponsors: General Electric, IBM and Morgan Stanley. We gratefully acknowledge the support of these organizations that recognize the need for this center.

This year has been our first working year, and has been extremely productive. We have completed research, engaged in several important round-table discussions, established our web presence, and expanded our future research goals. While we are still in our incubation stage, we have laid the foundations for our forthcoming projects and initiatives.

This report describes the type of activities in which the Center is involved and our progress in conducting those activities.
Center Activities

White Paper Projects

The best thinking and practices are brought to bear on each significant issue approved by the Center’s Advisory Board. The outcome of a project is, in most cases, a statement of principles in an extensive white paper. The white paper is reviewed by a panel of experts in a round-table meeting, where additional feedback is received and integrated into the research. The “White Paper” project is in-depth and comprehensive, aimed towards those familiar with the topic at hand -- standard-setters, regulators, CFO’s and professional accountants. Because of the nature of these projects, they are time-intensive, and can take up to a year to complete.

Policy Brief Series

In order to reach a broader audience, we have established our “Policy Brief” series. Policy Briefs are a shorter, less detailed presentation of a white paper. Policy Briefs may focus on a specific section or the overall content of the white paper. They are no more than ten pages, are readable to the layman, and provide graphs and charts to illustrate solutions. From the policy briefs, we produce a one-page “tear sheet” which outlines the overall points of the paper. This series is aimed at the busy professionals who might be interested in the idea, but do not have the time nor interest to read a detailed white paper.

Equity Valuation Series

We also develop reports for equity analysts in our “Equity Valuation” series. This series applies solutions developed in a white paper project to equity analysis and equity valuation. By introducing this series, we hope to encourage good practice in the analyst community.

Occasional Paper Series

Other projects may not require the in-depth approach of our white paper projects, but warrant analysis. In these cases, an expert in his/her field is commissioned to address the issue, under the eye of the directors, in our “Occasional Paper” series. These projects are shorter than the white paper projects and address narrower issues.
The Director Program

The Center, in conjunction with Executive Education and the accounting faculty at Columbia Business School, is engaged in delivering programs for corporate directors on accounting and financial regulatory issues. This program aims to enhance the integrity of financial reporting across public companies through informed and vigilant oversight by corporate directors.
2004 Projects

Last year, the Advisory Board approved our first two projects: the first, “Debt vs. Equity” is completed and available online, and the second, “Pensions and other post retirement obligations” will be available online in the first quarter of 2005. From the “Debt vs. Equity” project, we have completed a policy brief, with another forthcoming, and have started our Equity Valuation project on the topic.

Debt. Vs. Equity Project

Professor James Ohlson was commissioned as principal project consultant, with Stephen Penman as project director. On October 29th, we had a successful round-table discussion on our Debt vs. Equity Project: “Debt vs. Equity: Accounting for Claims Contingent on Firms’ Common Stock Performance”. The objective of this meeting was to discuss our first white paper draft. The following attended this very lively discussion:

James Ohlson, W.P. Carey Chair in Accountancy, Arizona State University
Stephen Penman, George O. May Professor, Columbia Business School
Michael Joseph, Senior Partner, Ernst & Young LLP
Katherine Schipper, Board Member, FASB (observer)
Robert Herz, Chairman of the Board, FASB (observer)
Brook Richards, Staff Person, FASB
John Stewart, Co-founder & Managing Director, Financial Reporting Advisors
Jim Leisenring, Board Member, IASB (observer)
Mary Barth, Board Member, IASB (observer)
Kevin Stoklosa, Senior Banking Analyst, Moody’s Investors Service
Trevor Harris, Managing Director, Morgan Stanley
Kevin Woodruff, Managing Director, Morgan Stanley
Cathy Cole, Associate Chief Accountant, SEC
Mike Takata, Managing Director & Principal, Pequot Capital
John Bishop, Partner, PricewaterhouseCoopers (PWC)

Rather than developing this project from an open discussion of experts, we developed a framing document prior to this discussion. Stephen Penman, the project director, and Professor James Ohlson of Arizona State University drafted the framing document for this round table. There was significant feedback that has been addressed in the final version of the paper.

From this white paper project, we have completed our first paper in our “Policy Brief” paper series. This policy brief specifically addresses the treatment of
employee stock options. A second policy brief, in progress, deals with other performance contingent claims, with an emphasis on the borrowing incurred with these claims. We plan to look at this project from a valuation perspective and create a piece in our “Equity Valuation” series.

Read the white paper online at:
www.gsb.columbia.edu/ceasa/policy/papers.html

Or find the paper enclosed in this document.
Accounting for Pensions and Other Post-Retirement Obligations Project

Trevor Harris, the project director, convened a group of experts on this issue on January 8, 2004. The following persons joined the meeting:

Murray Akresh, Senior Partner at PricewaterhouseCoopers
Peter Fisher, formerly of the US Treasury, now at BlackRock, Inc.
Neil Gaskell, recently retired Treasurer of Royal Dutch Shell
Jeremy Gold, pension actuary and consultant
Robert (Bob) Herz, Chairman of the FASB (observer)
Greg Jonas Head, Moodys’ Accounting Analysis Group
Steven Kandarian, Chair of PBGC
Martin Leibowitz, Vice Chair and CIO TIAA-CREF
Robert North, Actuary for New York City
Michael Peskin, Head of Asset Liability Strategy Group at Morgan Stanley
Peter Proestakes, Head of Staff for Pension Projects at FASB
Keith Williams, Senior Actuary at Watson Wyatt

Diana Scott, Head of Accounting Consulting in the Benefits Area at Towers Perrin was unable to attend at the last moment, but is being kept informed of our activities.

A lively discussion ensued for six hours, structured in a way to identify the key issues. We are very satisfied with the outcome, even a little surprised that we could hammer out solutions from such an intense discussion with differing perspectives. A number of participants stated that it was the best discussion of the issue that they have experienced.

We have prepared a summary of the discussion, consensus results, and points where there was disagreement or lack of resolution. This has been circulated to the participants for further thinking and analysis. After some iteration and feedback from alternative sources, we have a working draft, which we hope will be completed in the first quarter of 2005.

Bob Herz, Chair of the FASB, indicated at the meeting that the FASB and IASB are considering a joint project on the pension issue. We hope that our deliberations will help them structure their project and also present them with solutions.

The white paper will be available in the first quarter of 2005.
Policy Briefs

Two Policy Briefs have been prepared by William Duggan under the direction of Stephen Penman.

Policy Brief Number One (Completed)

TIMELY AND TRUE FROM AN OWNER’S VIEW: SHAREHOLDER VALUE ACCOUNTING FOR EMPLOYEE STOCK OPTIONS

This brief summarizes parts of a recent White Paper of the Center for Excellence in Accounting and Security Analysis: James Ohlson and Stephen Penman, Debt vs. Equity: Accounting for Claims Contingent on Firms’ Common Stock Performance, Columbia Business School, CEASA White Paper No. 1. The full text is available on the CEASA web site at http://www0.gsb.columbia.edu/ceasa/.

Policy Brief Number Two (In Preparation)

TIMELY AND TRUE FROM AN OWNER’S VIEW: SHAREHOLDER VALUE ACCOUNTING FOR BORROWING THROUGH CLAIMS ON A FIRM’S STOCK

This brief summarizes parts of a recent White Paper of the Center for Excellence in Accounting and Security Analysis: James Ohlson and Stephen Penman, Debt vs. Equity: Accounting for Claims Contingent on Firms’ Common Stock Performance, Columbia Business School, CEASA White Paper No. 1. The full text is available on the CEASA web site at http://www0.gsb.columbia.edu/ceasa/. A companion brief, Policy Brief Number 1, covers the treatment of employee stock options.

Occasional Paper Series

Professor Hugo Nurnberg of Baruch College has been commissioned to prepare an Occasional Paper on Accounting for the Cash Flow Statement. Completion is due March 2005.
The Director Program

Two programs under the title “Accounting Essentials for Corporate Directors: Enhancing Financial Integrity” were offered during 2004: One at the The Palace Hotel in April, and the other at The Pierre in October. The programs drew directors of very high caliber from boards of many companies. Most were audit committee members. The participants gave the program excellent ratings: 4.7/5.0 in the April session, and 4.9/5.0 in the October session. The presentations involved a combination of teaching by faculty and talks by regulators.

Faculty Directors
Nahum Melumad, James L. Dohr Professor of Accounting; and Chair of the Accounting Division
Stephen Penman, George O. May Professor of Accounting; and Morgan Stanley Dean Witter Research Scholar

Faculty Team
George Benston, John H. Harland Professor of Finance, Accounting and Economics, Goizueta Business School, Emory University; Advisor on accounting to the Examiner in Bankruptcy, Enron Corporation
Patricia M. Fairfield, Associate Professor, Georgetown University; former Academic Fellow, US Securities and Exchange Commission
Trevor Harris, Managing Director, Morgan Stanley, and head of the Global Valuation and Accounting Policy Group in the Equity Research Department
Doron Nissim, Associate Professor, Columbia Business School
Katherine Schipper, Member, Financial Accounting Standards Board

Speakers
Robert Herz, Chairman, Financial Accounting Standards Board
William McDonough, Chairman, Public Company Accounting Oversight Board
Charles D. Neimeier, Member, Public Accounting Oversight Board
Scott A. Taub, Deputy Chief Accountant, Securities and Exchange Commission
Harvey Goldschmid, Commissioner, Securities and Exchange Commission
Damon Silvers, Associate General Counsel, AFL-CIO

Topics Discussed
• Navigating the Financial Statements
• Scrutinizing a Company’s Financial Reporting
• Upholding the Principles of Controllership
• Industry-Specific Accounting Analysis: Small group meetings to discuss industry specific accounting issues and analyze individual companies' financial statements
• How Wall Street Reads Financial Reports
• Earnings Quality
• Identifying Red Flags: Scrutinizing the Disclosures in Financial Statements
• Dealing with Issues in the Board Room
• Fair Value Accounting and Balance Sheet Quality
• Analyzing Operating Performance
Sponsors

CEASA and Columbia Business School gratefully acknowledge the support of the following organizations:

General Electric, IBM and Morgan Stanley recognize the need for this center, and with their generous support, help make it possible.
Other Developments

Development of the Center Website

www.gsb.columbia.edu/ceasa

We are proud to announce that we have launched the CEASA website, which can be located at the address above. Through the website, we have an established web-presence where we are able to publish our papers and communicate with the public. In addition, we have created an intranet portion to the site, which is a secure environment where we may exchange ideas and discussions, as well as manage project work flow. Advisory board members will receive login information, where they will have access to the aforementioned information.

Ideas Distributed

In order to convey our work to the public, we plan several distribution points: CEASA website, meetings/sponsored breakfasts, teaching meetings, and conferences. Our website is the primary tool of delivery. We have a fine-tuned distribution list of academics, professionals, standard setters and the like, whom we will email with announcements when a project is published.

In addition to the web, we intend to hold meetings and/or sponsored breakfasts to an invited, select crowd. These meetings will allow us to explicate the general scope and purpose of the project, as well as provide a forum for questions. We might have a panel of experts, those who participated in the crafting of the document. These meetings will be open to the media in order to generate more exposure of the Center and its projects.
2005 Project Ideas

White Paper Projects

The following are our 2005 white paper project proposals. Our anticipated output on these projects is as follows: an authoritative “white paper” on the topic, a well-moderated roundtable discussion that brings practitioners (preparers and users), academics and regulators together to bring clarity to the issues, a conference (or series of conferences) that serves as a basis for explaining clarifying best practices focused on the appropriate use and interpretation of each project. From these white papers, we will produce a policy brief, and an equity valuation paper.

Fair Value Accounting

What Is the Issue?

Under what circumstances is fair value accounting appropriate for: evaluating the risk, return and valuation of businesses, asset-liability management, performance reporting? Is the shift from the income statement to the balance sheet (that is implied by fair value accounting) desirable? What is gained by abandoning the realization and matching principle in favor of mark to market accounting? What is lost? How do practical considerations impact fair value accounting and when may implementation problems lead to fair value accounting being less than ideal? Issues might include: illiquid markets, bias and imprecision of valuation models, asset and liability mismatch, and off-balance-sheet financing. When are alternative accounting schemes – including historical cost/revenue realization accounting – needed to supplement or complement fair value accounting? How and when would partial fair value accounting – a mixed model for financial reporting – be implemented? What additional risk disclosures are needed to complement fair value accounting and what form should these take? How can fair value accounting be gamed? How does fair value accounting work for specific financial institutions and specific financial instruments? For what type of firms is it desirable or undesirable? How can debt and equity analysts accommodate fair value accounting in their forecasts and valuations?

Why Should It Be Analyzed By CEASA?
In general, the FASB and IASB are moving toward more fair value accounting, promoting FASB Concepts Statement No. 7 over Concepts Statement No. 5. Yet in some applications (e.g. long-dated contracts) they are eliminating use of fair value. This apparent inconsistency has lead to difficulty in practice. The IASB has recently been embroiled in controversy over its proposals for fair value accounting.

Revenue Recognition

What Is the Issue?

Revenue is usually the largest single measure in determining earnings and is the starting point for most forecasting approaches. Many investors perceive revenue to be easily measured and relatively free of manipulation, yet more than half of all accounting frauds prosecuted in the U.S. have been related to revenue recognition. There is no general accounting standard on revenue, and US-GAAP contains 180 instances of transaction-specific and industry-specific guidance. Despite, or perhaps because of, the volume of guidance similar business arrangements are not necessarily accounted for in a similar way. The complexity of business arrangements and transactions continue to grow, making application of specific rules difficult to apply and potentially misleading. Revenue recognition also impacts cost recognition and can lead to confusing balance sheet measures, via application of a traditional matching concept.

Why Should It Be Analyzed By CEASA?

The FASB and IASB have an active joint project on Revenue Recognition and many specific issues are being confronted daily. Some of the ideas being considered by these regulators, in the spirit of logical consistency, will have a dramatic impact on business practice and security analysis. The issues are complex and varied and lends itself to the blending of theory and practice envisioned in CEASA’s objectives.
Future Project Ideas

Executory Contracts - Leases

What Is the Issue?

Recent events have highlighted the potential for companies to enter into contractual commitments leading to unrecognized obligations. The SEC has now mandated disclosures in the US but they will be difficult for users to interpret. The most common form of executory contract is “leases” for which there is a very detailed set of accounting rules. There are many hundreds of pages of prescriptive rules under US-GAAP related to accounting for leases, yet few people believe there is much economic rationale for what exists. The separation of capital and operating (finance) leases is defined in the rules but is artificial in practice. These “bright-line” rules have also been used to avoid the application of appropriate accounting. The G4+1 group of standard setters articulated some time ago that they needed to tackle the issue and put out a discussion paper. It is probable that the FASB and IASB will move this topic in 2005/6 if not before.

Why Should It Be Analyzed By CEASA?

The outcome of any change in standards has broad implications for a wide spectrum of corporations and is expected to be a topic that will be hotly debated. This alone makes it a good candidate, but the issue also resonates because it is an area with inadequate analysis by most users leading to potential inefficiencies in capital allocations for the markets. The topic might be narrowed to leases, but the findings are likely to have implication for the broader set of similar contracts.

Performance Reporting

What Is the Issue?

There are two complementary issues: one relevant to financial reporting, the other to security analysis: How should business income be reported in financial statements? Should equity and debt analysts adjust income reported in GAAP financial statements? If so, how? Is one summary number – like earnings per share – meaningful? If so, what characteristics of these earnings and the measure of shares should be used? If this is a notion of core earnings or sustainable earnings, is there a set of principles as to how it should be calculated? Is such a measure feasible? What is the role of comprehensive income reporting and what is the basis for separating items into net income for EPS and
other comprehensive income (STRGL in UK)? For example, how should one-time write-offs and charges be handled, especially when these charges affect income to be reported in the future? Should a measure of operating income be distinguished from net income and can a meaningful distinction be made? How might the income statement be presented to identify various attributes of income? How might answers differ under historical cost accounting and fair value accounting? How is performance reported under a mixed model? Does the issue require a radical rethinking about financial reporting? Is the issue just a formatting problem or is it one of redefining the way that income is measured? To what extent is the issue a financial reporting matter versus a question for equity analysis? If the latter, is there sufficient information for appropriate analysis? If not, what is needed?

**Why Should It Be Analyzed By CEASA?**

There is considerable discontent with GAAP earnings, producing a proliferation of ‘pro forma’ income measures. Many of these are promoted with self interest. Many are subject to challenge on theoretical or practical grounds.

Many investors still focus on earnings and earnings growth measures for valuing stocks. The IASB and FASB are currently involved in performance measurement projects. The FASB’s project has stalled because of a lack of progress on some of the issues described above.
Smaller Project Ideas

The following are other proposals that we intend to consider for our occasional paper series or for our equity valuation series. Our anticipated output on these projects is as follows: a shorter paper on the topic, and, if necessary, a follow-up meeting that serves as a basis for explaining clarifying best practices focused on the appropriate use and interpretation of each project. From these papers, we might produce a policy brief, and may or may not produce an equity valuation paper. These will primarily be distributed via our internet website.

The appropriate treatment of securitizations in light of the FASB's reaction to the financial structuring games undertaken by Enron; potentially, because of artificial distinctions, economically efficient transactions could be eliminated and some inappropriate structures could be retained.

Appropriate treatment of off-balance sheet obligations and commitments

Appropriate mark-to-market valuation of long-dated contracts, which has taken on a new urgency with the recent EITF consensus 02-03.

Insurance accounting: a priority for the IASB that may take on even higher priority given the current crisis in many European insurance carriers.

An evaluation of alternative valuation models for equity research; at present, a proliferation of methods persists and the costs and benefits of each needs to be sorted out. Some methods, like the method of comparables most commonly used, promote price bubbles.

The subtleties of accounting in equity analysis, including issues of earnings quality, the use of fair value accounting, and balance sheet deficiencies.

Proprietorship paper: a polemic paper that is an interpretive approach to the methodology of the debt vs. equity project, which will be an example of the other projects generated. This might be a “constitutional paper”, that explicated why we look at things from this method, shareholder value accounting.
Entity perspective vs. proprietorship perspective: alternative methods of looking at accounting, and accessing their pros and cons.

Comparative Approaches to Other Methods of Debt vs. Equity Accounting: an occasional paper series that would address alternative methods of analyzing the performance contingent claims addressed in the Debt vs. Equity project.
Stephen H. Penman; George O. May Professor of Accounting; Columbia Business School; Co-Director, CEASA

Stephen H. Penman is the George O. May Professor and the Morgan Stanley Research Scholar in the Graduate School of Business, Columbia University. Prior to his appointment at Columbia in 1999 he was the L.H. Penney Professor in the Walter A. Haas School of Business at the University of California at Berkeley. From 1990-95 he served as Chairman of the Professional Accounting Program and Chairman of the Accounting Faculty at Berkeley where he initiated and chaired the Haas School's Annual Conference on Financial Reporting. He has served as a Visiting Professor at Columbia University and the London Business School, and as the Jan Wallander Visiting Professor at the Stockholm School of Economics.

Professor Penman received a first-class honors degree in Commerce from the University of Queensland, Australia, and M.B.A. and Ph.D. degrees from the University of Chicago. His research is concerned with the valuation of equity and the role of accounting information in security analysis. He has published widely in finance and accounting journals and has conducted seminars on fundamental analysis and equity evaluation for academic and professional audiences. In 1991, he was awarded the notable Contribution to Accounting Literature Award by the American Accounting Association and the American Institute of Certified Public Accountants, and in 2002 was awarded the American Accounting Association and Deloitte & Touche Wildman Medal for his book, Financial Statement Analysis and Security Valuation, published by McGraw-Hill/Irwin. He is managing editor of the Review of Accounting Studies and is on the editorial board of the Schmalenbach Business Review.

Trevor Harris; Managing Director; Morgan Stanley; Co-Director, CEASA

Trevor Harris is a Managing Director at Morgan Stanley who joined the firm in mid-2000. He heads the global valuation and accounting policy team in Equity Research. Mr. Harris began his work at Morgan Stanley in 1997 as a consultant on global accounting and valuation issues, heading the Apples-to-Apples global equity research project, and has continued to publish widely recognized research on issues of valuation and accounting.

He is a Chartered Accountant (SA) and was a local manager with Arthur Andersen before moving into academia in 1980. He is co-Director of Columbia's newly formed Center for Excellence in Accounting & Security Analysis.
Center for Excellence in Accounting and Security Analysis. He also serves as a member of the Standards Advisory Council to the International Accounting Standards Board, the User Advisory Council of the Financial Accounting Standards Board, and the International Capital Markets Advisory Committee at the New York Stock Exchange (NYSE).

Prior to joining Morgan Stanley, he assisted Daimler-Benz with their move to US-GAAP and their listing on the NYSE and worked with several companies in evaluating their accounting relative to International Accounting Standards and US-GAAP. He provided consulting services on international accounting, controllership and valuation issues to many large international corporations as well as Salomon Brothers and their clients, Standard & Poors and TIAA/CREF's investment group. He also served as the accounting and economics expert on a team hired to evaluate the pricing and ratemaking structure of the US postal service.

He earned his doctorate from the University of Washington and joined the faculty at Columbia University in 1983. During his time at Columbia Business School he was the Jerome A. Chazen Professor of International Business, Chair of the Accounting Department, and won several teaching awards. He also spent a year as a visiting professor at the University of Chicago.


Rachel Winston; Associate Director of Research, CEASA

Rachel Winston is our full-time associate director of research. She manages all of CEASA’s daily operations as well as aids primary researchers with our projects. Before joining CEASA in 2003, Ms. Winston worked as an associate in business development for a financial advisory firm. Prior to that, she was an investment banking analyst in the Global Media Group at Merrill Lynch. Ms. Winston graduated cum laude from Duke University.
Advisory Board

Chair

Arthur Levitt, Jr.; Senior Advisor; The Carlyle Group

Arthur Levitt was the 25th Chairman of the United States Securities and Exchange Commission. First appointed by President Clinton in July 1993, the President reappointed Chairman Levitt to a second five-year term in May 1998. On September 9, 1999, he became the longest serving Chairman of the Commission. He left the Commission on February 9, 2001.

Investor protection was Chairman Levitt's top priority. Throughout his tenure at the Commission, Chairman Levitt has worked to educate, empower, and protect America's investors - now more than 50 million strong. Early in his tenure, Chairman Levitt created the Office of Investor Education and Assistance and established a website (www.sec.gov), which allows the public free and easy access to corporate filings and investor education materials. In the past seven years Chairman Levitt has conducted more than forty investor town meetings throughout the country to listen to the concerns of investors and to give them tips on safe and wise participation in the securities markets.

Other hallmarks of Chairman Levitt's tenure include, improving the quality of the financial reporting process, maintaining the independence of auditors, saving investors billions of dollars by reducing spreads in the Nasdaq market, promoting the use of plain English, requiring that important information be released to all investors simultaneously, fighting Internet fraud, and cleaning up the municipal bond market.

Key policy successes include:

- strengthening the independence of auditors and the profession's self-regulatory functions;

- improving the quality of financial reporting, including strengthening the oversight role of corporate audit committees;

- leveling the information playing field through Regulation Fair Disclosure, which requires companies to release important information to all investors at the same time;

- creating a regulatory framework that embraces new technology and promotes competition through the order handling rules, which dramatically
reduced the cost of buying and selling in the Nasdaq market, and Regulation ATS, which provided regulatory flexibility for electronic markets to innovate;

- reforming the municipal debt markets by eliminating pay-to-play and improving price transparency;
- requiring the use of plain English in mutual fund investment literature, public company communications with investors, and SEC communications with the public;
- sanctioning the Nasdaq market for price manipulation and mandated improved self governance;
- preserving the independence of the private sector standard setting process; commencing vigorous Internet fraud detection and prosecution;
- working closely with the criminal authorities to prosecute securities fraud; and
- improving broker sales and pay practices.

Before joining the Commission, Mr. Levitt owned Roll Call, a newspaper that covers Capitol Hill. From 1989 to 1993, he served as the Chairman of the New York City Economic Development Corporation, and from 1978 to 1989 he was the Chairman of the American Stock Exchange. Prior to joining the Amex, Mr. Levitt worked for 16 years on Wall Street. He is presently Senior Advisor to The Carlyle Group and on the boards of Neuberger Berman and Bloomberg as well as a member of the American Academy of Arts & Sciences. He graduated Phi Beta Kappa from Williams College in 1952 before serving for two years in the Air Force.

Levitt's best selling book, TAKE ON THE STREET: What Wall Street and Corporate America Don't Want You to Know/What You Can Do to Fight Back was published by Pantheon Books in October, 2002.
Board Members

Philip D. Ameen; *Vice President and Comptroller;* General Electric Company

Philip D. Ameen is a native of North Carolina and an alumnus of the University of North Carolina-Chapel Hill. A Certified Public Accountant, Mr. Ameen was an audit Partner in the Executive Office of Peat Marwick until 1985 when he joined GE Capital in Stamford. Following three years of participation in GECC's lending, leasing and mergers and acquisitions activities, Mr. Ameen joined GE's headquarters staff in Fairfield. In his present position, Mr. Ameen advises the GE businesses on accounting and finance consequences of their various transactions, and is responsible for all of GE's external reporting.

Mr. Ameen is a member of the International Financial Reporting Interpretations Committee and was Chairman of the Financial Executives Institute's Committee on Corporate Reporting from 1999 to 2002. He was a member of the FASB's Emerging Issues Task Force for 11 years.

Mark J.P. Anson; *Chief Investment Officer;* CalPERS

Mark Anson is the Chief Investment Officer for the California Public Employees' Retirement System (CalPERS), which has over $146 billion in assets. He has complete responsibility for all asset classes in which CalPERS invests, including domestic and international equity and fixed income, real estate, corporate governance, currency overlay, securities lending, private equity, and hedge funds. Mr. Anson is also fully responsible for the business plan for CalPERS' Investment Office, including budget authority, technology, staffing, and back office operations.

Mr. Anson earned his law degree from the Northwestern University School of Law in Chicago where he graduated as the Executive/Production Editor of the Law Review, and his Ph.D. and Masters in Finance from the Columbia University Graduate School of Business in New York City where he graduated with honors as Beta Gamma Sigma. He received his B.A. from St. Olaf College in Minnesota where he graduated with Distinction with a double major in Economics and Chemistry. Mr. Anson is a member of the New York and Illinois State Bar Associations. He has also earned the Chartered
Financial Analyst, Certified Public Accountant, Certified Management Accountant and Certified Internal Auditor degrees. In addition, he has received the Series 3, 4, 7, 8, 24, and 63 NASD securities industry licenses.

Mr. Anson is the author of four books on the financial markets and has published over 60 research articles on the topics of hedge funds, real estate, currency overlay, credit risk, private equity, corporate governance, risk management, and portfolio management. Additionally, he is on the editorial boards of five financial journals. Last, Mr. Anson sits on Advisory Committees for the New York Stock Exchange, The International Association of Financial Engineers, AIMR's Task Force on Corporate Governance, The Center for Excellence in Accounting and Security Analysis at Columbia University, and The Alternative Investment Research Centre at the City University of London.

John H. Biggs; Former Chairman and Chief Executive Officer; TIAA-CREF

John H. Biggs is former Chairman, President and Chief Executive Officer of TIAA-CREF. Mr. Biggs became Chairman and Chief Executive Officer in January 1993. Previously, he served as President and Chief Operating Officer from 1989-1993.

Mr. Biggs began his professional career with the General American Life Insurance Company in 1958. He served in various actuarial management positions for the company and in 1970 was appointed Vice President and Controller. In 1977, Mr. Biggs became Vice Chancellor for Administration and Finance at Washington University in St. Louis. He was named President and CEO of Centerre Trust Company, St. Louis, in 1985.

A native of St. Louis, Mr. Biggs earned an A.B. degree in classics from Harvard University, and a Ph.D. in economics from Washington University, St. Louis. He is a fellow of the Society of Actuaries.

Mr. Biggs is a Director of the Boeing Company, JPMorgan Chase Co., and a Trustee of the International Accounting Standards Committee Foundation, Washington University, The Danforth Foundation in St. Louis, The J. Paul Getty Trust, and The Santa Fe Opera. He is also a Director and former Chairman of the United Way of New York City, the National Bureau of Economic Research and a Director of the Foreign Policy Association. He is a member of the American Academy of Arts and Sciences, and the Council on Foreign Relations. He is Treasurer of the New York City Investment Fund. Mr. Biggs has published a number of papers on variable annuities, social security, regulation and taxation of pension plans, and demographic effects on pensions.
Richard Carroll; Assistant Controller of Accounting; IBM

Rich Carroll joined IBM in 1974 from the University of Rhode Island with a BS in Business Administration.

He held various accounting positions in the Field Engineering and Office Products Division until 1979 when he was named the Balance Sheet Manager of OPD. Since that time, Mr. Carroll has held a number of accounting and planning management positions in both marketing and manufacturing divisions. In December 1987, he became Worldwide Income and Expense/Consolidation Manager in Corporate Headquarters and later was Manager of Accounting - Consolidation and Analysis for IBM U.S.

In October 1989, Mr. Carroll became Director of Financial Planning - U.S. for Corporate Finance, responsible for the overall budget operations in the U.S. In February 1991, he was named Director of Financial Data Management as part of the CHQ Reengineering Project whose objective was to restructure the I/T infrastructure and data delivery processes with IBM Finance. In September 1996, he returned to Accounting as the Director of CHQ Accounting Analysis and Operations with prime responsibility for the consolidation of IBM financial results. In May 2002, Mr. Carroll assumed his current assignment as Assistant Controller responsible for accounting. In 1978, while with IBM, Mr. Carroll received his MBA in Accounting from Fairleigh Dickinson University in New Jersey.

J. Michael Cook; Retired Chairman & CEO; Deloitte & Touche LLP

J. Michael Cook is the retired chairman and chief executive officer of Deloitte & Touche LLP. He is a board member of The Dow Chemical Company, Comcast Corporation, International Flavors & Fragrances, Rockwell Automation, and an independent trustee and member of the board of The Fidelity Group of Mutual Funds.

Mr. Cook joined Haskins & Sells in 1964, becoming a partner in 1974. He was named national managing partner of Deloitte, Haskins & Sells in 1983; he became chairman and CEO of the firm in 1986. In 1989, Mr. Cook directed the merger of Deloitte, Haskins & Sells and Touche Ross and was named chairman and CEO of Deloitte & Touche LLP. He also served as chairman of the Deloitte & Touche Foundation and a member of the Board of Deloitte Touche Tohmatsu. Under his leadership, the firm received the prestigious Catalyst Award and the United Way "Spirit of America" Award and was recognized as one of the best companies to work for in America.
Known as a strong and effective spokesperson on tough professional issues, he has written and spoken extensively on international accounting standards, the globalization of business, auditor independence, corporate governance, gender equality in the workplace, tort and securities law reform, and has often testified before Congress on professional issues. He led the profession's effort that resulted in the enactment of the Private Securities Litigation Act of 1995 and its counterpart Uniform Standards legislation in 1998; this legislation significantly changed the standards for business litigation.

Mr. Cook's many honors and awards include the Columbia School of Business Botwinick Prize in Business Ethics, Yeshiva University's Distinguished Leadership Award and Monmouth College's Distinguished Business Leader. In 1986, he was named Distinguished Alumnus by his alma mater, the University of Florida, and is a Distinguished Alumnus of its Beta Alpha Psi and Fisher School of Accounting. Mr. Cook was named the 62nd member of the Accounting Hall of Fame in August of 1999 and received the AICPA Public Oversight Board's John J. McCloy Award in December of 2001.

Leon G. Cooperman; Chairman and Chief Executive Officer; Omega Advisors, Inc.

After 25 years of service, Lee Cooperman retired from his positions as a General Partner of Goldman, Sachs & Co. and as Chairman and Chief Executive Officer of Goldman Sachs Asset Management at the end of 1991 in order to organize a private investment partnership, under the direction of Omega Advisors.

At Goldman Sachs, Mr. Cooperman spent 15 years as Partner and from 1990 to 1991, as Of Counsel to the Management Committee. In 1989, he became Chairman and Chief Executive Officer of Goldman Sachs Asset Management and was Chief Investment Officer of the equity product line including managing the GS Capital Growth Fund, an open-end mutual fund, for one and one-half years. Prior to those appointments, he spent 22 years in the Investment Research Department as Partner-in-charge, Co-Chairman of the Investment Policy Committee and Chairman of the Stock Selection Committee. For nine consecutive years, he was voted the number one portfolio strategist in the Institutional Investor All-America Research Team survey.

As a designated Chartered Financial Analyst, Mr. Cooperman is a senior member and past President of the New York Society of Security Analysts. He is a member of the Board of Directors of Automatic Data Processing, Inc., a Trustee of Saint Barnabas Hospital, and Chairman of the Saint Barnabas Development Foundation, a member of
the Board of Overseers of the Columbia University Graduate School of Business, serves on the National Board of Trustees of the Crohn's and Colitis Foundation of America, Inc., a member of the Board of Directors of the Cancer Research Fund of the Damon Runyon-Walter Winchell Foundation, and a member of the Investment Committee of the Museum of Modern Art.

Mr. Cooperman received his MBA from Columbia University and his undergraduate degree from Hunter College. He is a recipient of Roger Williams University's Honorary Doctor of Finance and was inducted to Hunter College's Hall of Fame. He and his wife Toby have two sons.

**Stephen F. Crawford; Executive Vice President and Chief Financial Officer; Morgan Stanley**

Stephen S. Crawford is Executive Vice President and Chief Financial Officer of Morgan Stanley. Mr. Crawford has broad experience in the financial services industry and has advised a large number of major Morgan Stanley clients on strategic and financing matters.

Mr. Crawford joined Morgan Stanley in 1986 and worked as a Generalist in Corporate Finance in the firm's New York and Australia offices. In 1998, he was promoted to Managing Director. He joined the Financial Institutions Group in 1990, working primarily with banks, brokers, asset managers and diversified financial services firms, and focusing on mergers and acquisitions, divestitures, restructurings and financing, and was later appointed co-head of the Financial Institutions group. Mr. Crawford became the Firm's Chief Strategic and Administrative Officer in August 2000 and assumed his current role in March 2001. Mr. Crawford received his BA from the University of Virginia in 1986.

**Sir Howard J. Davies; Director; The London School of Economics and Political Science**

Sir Howard Davies is the Director of the London School of Economics, a post he took up in Sept. 2003. From 1997-2003 he was Chairman of the Financial Services Authority, the single regulator for the UK financial sector, which was created under his leadership from nine separate regulatory agencies. From 1995-1997 he was Deputy Governor of the Bank of England. Before that, from 1992-95 he was Director-General of the Confederation of British Industry and, from 1987-92, Controller of the Audit
Commission. He was also, for six years, a director of GKN plc and a member of the International Advisory Board of Natwest.

In his earlier career he worked in the Foreign and Commonwealth Office and H M Treasury, both as an official and as special adviser to the Chancellor of the Exchequer. And for five years he worked as a management consultant for McKinsey and Co. Inc.

Sir Howard Davies was educated at Manchester Grammar School and Merton College, where he took an MA in History and French. In 1979 he was awarded a Harkness Fellowship and in 1980 gained an MSc in management science at Stanford Graduate School of Business.

Throughout his career he has written widely for publication, reviewing fiction for the Literary Review and The Times, historical and economics books for the Economist, The Times, the TLS and the Times Higher, among other publications. He has lectured extensively at home and overseas and is a regular participant in the World Economic Forum in Davos. In 1993 he was Deputy Chairman of the Rowntree Committee Enquiry into the distribution of income and wealth, working with John Hills of the LSE.

He is Chairman of the Employers Forum on Age, a charity committed to fighting age discrimination in the workplace, and since 2002 he has been a Trustee of the Tate. Aged 52, he is married to Prue Keely, the Editor of the World Tonight on BBC Radio 4. They have two sons and live in London and Dorset.

Peter Fisher; Former Undersecretary for Domestic Finance; U.S. Department of Treasury; Currently Managing Director; BlackRock

Peter R. Fisher is a Managing Director of BlackRock, Inc. (NYSE:BLK). In addition, he serves on the Company's Investment Strategy Committee, where he contributes his insights on the global capital markets to the assessment of investment opportunities and development of portfolio management strategies for the firm's clientele. Mr. Fisher recently served as Under Secretary of the U.S. Treasury for Domestic Finance, sworn in on August 9, 2001 by Treasury Secretary Paul O'Neill. He was confirmed by the U.S. Senate on August 3.

As Under Secretary, Mr. Fisher was the senior advisor to the Treasury Secretary and the Deputy Secretary on all aspects of domestic finance. His office was responsible for formulating policy and legislation in the areas of financial institutions, public debt management, capital markets, government financial management services, federal lending, fiscal affairs, government-sponsored enterprises, and community
development. He also serves on the board of Securities Investor Protection Corporation; and as the board representative to the Pension Benefit Guaranty Corporation.

Prior to joining the Treasury Department, Mr. Fisher was executive vice president of the Federal Reserve Bank of New York, and manager of the System Open Market Account for the Federal Open Market Committee. Mr. Fisher earned a J.D. degree from Harvard Law School in 1985 and a B.A. degree in history from Harvard College in 1980.

He is married, has two children and resides in Washington, D.C.

Sallie L. Krawcheck; Chief Financial Officer and Head of Strategy; Citigroup Inc

As Chief Financial Officer and Head of Strategy for Citigroup Inc., Sallie L. Krawcheck is responsible for Financial Reporting, Treasury, Tax, Investor Relations, Mergers and Acquisitions and Strategic Planning. Ms. Krawcheck joined Citigroup in October 2002 as Chairman and Chief Executive Officer of Smith Barney, where she oversaw the global management of both its Global Private Client and Global Equity Research businesses. In her two years with Smith Barney, Ms. Krawcheck successfully guided one of the leading private wealth management organizations in the United States. She also restructured Smith Barney’s Equity Research business to operate independently, while strengthening the quality and transparency of its research. Ms. Krawcheck is a member of the Citigroup Management and Business Heads Committees and the Citigroup Foundation Board, as well as the Firm’s Business Practices Committee.

Previously, Ms. Krawcheck was Chairman and Chief Executive Officer of research firm Sanford C. Bernstein & Company, where she became one of the most influential voices for research quality and integrity. Ms. Krawcheck was responsible for managing that firm’s research, brokerage and trading operations, as well as its business development and planning. She also served as an Executive Vice President of Bernstein's parent company, Alliance Capital Management, from 1999 to 2001. Prior to her most recent post, Ms. Krawcheck was Bernstein's Director of Research, and appreciably grew the firm's profit base by expanding industry-sector coverage. From 1994 to 1999 she was a senior equity research analyst responsible for the coverage of life insurance and securities brokerage companies. For each year Ms. Krawcheck covered the securities brokerage sector she was ranked the number-one analyst in Institutional Investor magazine's annual poll.
Prior to joining Sanford C. Bernstein & Company, Ms. Krawcheck worked as a financial analyst at Salomon Brothers, and later at Donaldson, Lufkin & Jenrette as an associate in the Corporate Finance department.

A native of Charleston, South Carolina, Ms. Krawcheck attended the University of North Carolina at Chapel Hill on the prestigious Morehead Scholarship, and graduated in 1987 with academic honors and a Bachelor of Arts degree. In 1992, she received a Master of Business degree from Columbia University. An active participant in the affairs of her alma maters, Ms. Krawcheck has endowed her former secondary school, The Porter Gaud School, with the Krawcheck Scholarship, a needs-based scholarship awarding full tuition to students of exceptional aptitude. She is also a member of the Board of Directors for The University of North Carolina at Chapel Hill Foundations, Inc. In 2002, Ms. Krawcheck was named one of Fortune Magazine's "Most Powerful Women" and one of Time Magazine's "Global Business Influentials." In 2003, the World Economic Forum designated Ms. Krawcheck one of its "Global Leaders for Tomorrow."

David F. Larcker; Ernst & Young Professor of Accounting; The Wharton School, University of Pennsylvania

David F. Larcker is the Ernst & Young Professor of Accounting at the Wharton School of the University of Pennsylvania. Prior to joining the Wharton School, he was a Professor of Accounting and Information Systems at the J. L. Kellogg Graduate School of Management at Northwestern University. He received undergraduate and masters degrees in engineering from the University of Missouri - Rolla and a doctorate in business from the University of Kansas.

Dr. Larcker has published many articles and book chapters on topics such as design of executive compensation contracts, corporate governance, measurement of intangible assets, and strategic business models. He is currently a member of the editorial boards of the Journal of Accounting Research, Journal of Accounting and Economics, Journal of Accounting and Public Policy, and Accounting, Organizations and Society. In 2001, Dr. Larcker received the award for notable contribution to managerial accounting research.

He has served as a consultant to numerous organizations such as Compaq Computer, Ernst & Young, General Electric Capital, Guardsmark, Hilton Hotels, and PricewaterhouseCoopers. His consulting focuses on the identification of strategic performance measures and the design of executive compensation contracts.

Carol J. Loomis; Editor at Large; FORTUNE Magazine

Mrs. Carol J. Loomis grew up in Cole Camp, Missouri, and attended Drury College in Springfield, Missouri, 1947-49, then the University of Missouri 1949-1951, graduating in 1951 with a Bachelor in Journalism degree.

Mrs. Loomis began her career with the Maytag Co. in Newton, Iowa, as editor of a house organ. Since 1954, she has been with Fortune, first as a research associate. She became an associate editor in 1958, a member of the Board of Editors in 1968, and Editor at Large in 2001.

Her writing has covered a wide range of financial and stock market subjects, and she has won a number of awards for business and financial writing. She has received the Gerald M. Loeb Award twice (in 1974 and 1989), and in 1993 she was given the Gerald M. Loeb Lifetime Achievement Award. She has also received two other lifetime achievement awards: One, presented in 2000, came from the Women's Economic Round Table, which was making its first awards for women in financial journalism. The other was the first-ever Henry R. Luce Award for Lifetime Achievement, given to Mrs. Loomis at a Time Inc. presentation in March 2001.

In 1976, Mrs. Loomis wrote an article called "An Annual Report for the Federal Government" that led the U.S. Treasury to begin publication of such a report. After her article appeared she was appointed by the Secretary of the Treasury to an Advisory Committee on Federal Consolidated Financial Statements.

In September 1980, Mrs. Loomis served as one of the six panelists questioning presidential candidates Ronald Reagan and John Anderson on the nationally televised debate sponsored by the League of Women Voters.

Mrs. Loomis has been the editor of Warren Buffet's well-known letter in the Berkshire Hathaway annual report since 1977.

Mrs. Loomis's home is in Larchmont, New York. She is married to John R. Loomis, who is a partner of First Manhattan Co., and has two children, Barbara and Mark.
Robert J. Swieringa; Dean; S.C. Johnson Graduate School of Management, Cornell University

Robert J. Swieringa is the Anne and Elmer Lindseth Dean of Cornell University's Samuel Curtis Johnson Graduate School of Management. He became the ninth dean of the Johnson School on July 1, 1997.

Dean Swieringa served as a member of the Financial Accounting Standards Board (FASB) from 1986 to 1996. FASB is the key policy-making organization for accounting issues in the United States, and Dean Swieringa gained wide visibility and influence in the corporate community through his work with the group.

He was most recently a professor in the practice of accounting at the Yale School of Management, and was a member of the accounting faculty at the Stanford Graduate School of Management and at the Johnson School before he was appointed to the FASB. An outstanding teacher and lecturer, he won the Justice Foundation Award for Outstanding Teaching at Cornell, and has received numerous awards and honors in recognition of his scholarly and professional work. He is the author of several textbooks, including one co-authored with Professor Harold Bierman and another co-authored with Professor Thomas Dyckman. His current research interests are in behavioral accounting and corporate financial reporting.

Dean Swieringa is Chair of the Graduate Management Admission Council that provides the GMAT, the most widely used assessment test in graduate business studies. Dean Swieringa is a member of the Board of Directors of General Electric. He received his Ph.D. in 1969 from the University of Illinois.
Glenn Hubbard, Russell L. Carson Professor of Finance and Economics, and former CEASA advisory board member has become Columbia Business School’s dean. We would like to thank him for his contributions to the Center as an advisory board member, and look forward to his interest and participation as dean.

From February 2001 until March 2003, Professor Hubbard was Chairman of the U.S. Council of Economic Advisors under President George W. Bush, where his responsibilities included advising the President on economic policy, tax and budget policy, emerging market financial issues, international finance, health care, and environmental policy. While CEA Chairman, he also chaired the Economic Policy Committee of the OECD.

Professor Hubbard, whose research spans tax policy, monetary economics, international finance, and corporate finance, received his Ph.D. in economics at Harvard University in 1983, and has taught at Northwestern, Harvard, and the University of Chicago, as well as Columbia. In addition to writing more than 90 scholarly articles in economics and finance, he is the author of the best-selling textbook on money and financial markets.

He was Deputy Assistant Secretary of the U.S. Treasury Department for Tax Policy from 1991-1993. In addition to his responsibilities at Columbia, he is a research associate at the National Bureau of Economic Research and the director of the program on tax policy at the American Enterprise Institute in Washington. He has been a consultant to U.S. and non-U.S. government agencies and numerous private corporations. Professor Hubbard, his wife Constance, and their sons live in New York.