

October 21, 2010

The Honorable Yoon, Jeung-Hyun
Minister of Strategy and Finance
Government Complex II
88 Gwannoongro Gwacheon City
Gyeonggi Province 427-725
The Republic of Korea

Dear Mr. Minister:

Our organizations represent all sectors of the global economy, representing businesses that employ tens of millions of workers world-wide. As such, we recognize that accurate and transparent financial reporting is a cornerstone of our world-wide and domestic capital markets. We respectfully request that the meeting secretariat circulate this letter to the other G-20 meeting participants.

As you know, through the directive of the G-20, the Financial Accounting Standards Board (“FASB”) and the International Accounting Standards Board (“IASB”) are currently engaged in a series of projects to converge U.S. Generally Accepted Accounting Principles (“USGAAP”) and International Financial Reporting Standards (“IFRS”) by 2011. These projects are in varying stages of completion. We will confine our comments to the Lease Accounting project (“Lease Accounting”) which is scheduled for completion by June, 2011. We respectfully request that the G-20 remove this artificial time deadline so that the myriad and difficult issues arising from the recent Exposure Draft, of August, 2010, may be fully explored by industry, government, and regulators.

Since accounting changes can impact lending and other investment decisions, we believe that the rush to complete accounting projects, particularly Lease Accounting, according to artificial deadlines, is troubling because of the far ranging unintended consequences that may result from the implementation of those standards. Currently, it is our belief that the ramifications of this standard have not been thought through and that the rush to complete Lease Accounting will not allow for the thoughtful consideration and input needed to change financial reporting in an area that serves as keystone of the economy.

Leases are the fundamental building block for many different sectors of the economy including income-producing commercial real estate, construction, aerospace, office equipment, and restaurants to name a few. Altering the accounting treatment for this essential economic element has broad implications for owners, investors, and

lenders and could have broad systemic impact on the banking system and credit and capital markets. The new rules, as currently drafted, could promote market instability for lessors and lessees and the financial services sectors that provide support for these transactions.

In our opinion, since these rules will impact the ability of businesses to borrow and raise capital, it is more important to ensure that the Lease Accounting reforms are designed and implemented appropriately, than to rush headlong to achieve a self-imposed, artificial deadline. Among the several issues that have not been fully explored and vetted include:

- The potential breach of loan covenants and contractual arrangements and loss of cost reimbursement for rent in contractual arrangements that are based on current USGAAP as well as overall changes to credit underwriting requirements ;
- Complicated recognition and presentation requirements that mask true economic activity and do not reflect the value of a contract;
- Adverse impact to capital of banks due to both lessee and lessor accounting changes;
- Adverse impact on the ability of businesses to borrow, the cost of leases, and capital formation;
- Adverse impact on equipment and real property valuations, with consequential impact on lenders, especially the already fragile banking sector;
- Front ended lessee cost patterns that do not reflect true economic activity;
- Differing recognition of assets and liabilities creating mismatches that do not reflect the value of a contract for lessors;
- Rules that are not symmetrical between lessor and lessee;
- Inequitable treatment of executory costs for lessors and lessees; and
- Unknown implementation costs.

A failure to address these issues in an attentive and deliberative manner may harm businesses that lease equipment, own or rent commercial real estate, the industry that provides the facilities for businesses of all types to operate, and the financial services sector that provides the liquidity and credit needed for these transactions to take place. This uncertainty will have short-term and long-term consequences that have the potential to undermine efforts towards economic recovery, and the work of the G-20 itself.

We recently have seen how the lack of productive dialogue among all users of financial reporting can lead to acrimony and disastrous results. Because of the

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current schedule and the rush to complete the Lease Accounting project to meet an arbitrary deadline, we are concerned that such an accelerated due diligence effort on the part of the standards-setters will unnecessarily adversely impact the quality of these new rules. We believe that adhering to the current schedule may well repeat the past mistakes of history.

Thank you for your consideration. We look forward to discussing this matter with you.

Sincerely,

American Council of Life Insurers
American Financial Services Association
Associated General Contractors of America
American Trucking Associations, Inc.
Associated Builders and Contractors, Inc.
Association for Financial Professionals
Building Owners and Managers Association
International
CCIM Institute
CRE Finance Council
Equipment Leasing and Finance Association
Institute of Real Estate Management
International Council of Shopping Centers
Mortgage Bankers Association
NAIOP, Commercial Real Estate
Development Organization

National Association of Real Estate
Investment Managers
National Association of Real Estate
Investment Trusts
National Association of Realtors
National Council of Real Estate Investment
Fiduciaries
National Restaurant Association
Real Estate Board of New York
Retail Industry Leaders Association
The Real Estate Roundtable
Truck Rental Leasing Association
U.S. Chamber of Commerce

CC: Minister for Trade Kim Jong-hoon
Financial Services Commission Chairman Chin Dong-soo
G-20 Chairman SaKong Il
Chairman Kang Mansoo, Presidential Council on National Competitiveness
Acting Chairman Leslie Seidman, Financial Accounting Standards Board
Chairman Sir David Tweedie, International Accounting Standards Board