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Robert F. McCullough Chief Financial Officer

August 29, 2002

Letter of Comment No: 49 File Reference: 1082-200 Date Received: 09/03/02

Ms. Suzanne Bielstein Financial Accounting Standards Board Director of Major Projects and Technical Activities 401 Merrit 7 P.O. Box 5116 Norwalk, CT 06851-5116

Re: File Reference No. 1082-200; Exposure Draft dated June 28, 2002, titled "Consolidation of Certain Special-Purpose Entities, a proposed interpretation of ARB No. 51"

Dear Ms. Bielstein:

At the request of the Financial Accounting Standards Board (the "FASB") AMVESCAP has undertaken to provide the FASB with comments regarding its Exposure Draft dated June 28, 2002, and titled "Consolidation of Certain Special-Purposes Entities, a proposed interpretation of ARB No. 51" (hereafter referred to as the "Exposure Draft"). We take this opportunity to acknowledge the efforts of the participants involved in drafting the Exposure Draft and are appreciative of the opportunity to share our comments with the FASB.

AMVESCAP agrees with the FASB that the current U.S. GAAP accounting standards regarding the consolidation of the assets, liabilities and operating activity of many special-purposes entities ("SPEs") do not adequately address the consolidation of SPEs by entities exercising significant and unilateral control, particularly instances in which the dispersion of risk is not effectively achieved. Within the asset management industry, the use of SPEs to create legitimate risk dispersing structures as with collateralized debt obligation transactions ("CDO's") and similar such vehicles involving securitized assets or derivatives

AMVESCAP PLC is a leading independent investment manager with approximately \$360 billion in assets under management. Operating under the AIM, INVESCO and Atlantic Trust brands, AMVESCAP strives to deliver outstanding investment performance and service through a comprehensive array of retail and institutional products for clients in more than 100 countries. The Company is listed on the London, New York, Paris and Toronto stock exchange.

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products is frequent. These structures permit the investor to ascertain the risk parameters of their investment through such means as independent rating analysis. With respect to AMVESCAP's involvement in the CDO marketplace, through our INVESCO Senior Secured Management Inc., 100% owned subsidiary, we manage over \$4 billion in client assets and regard this business as very meaningful in a client's overall asset allocation mix. As has been the case with most investment assets, the marketplace has dictated the nature of the investment vehicle, the terms and conditions by which the vehicle is controlled and most importantly the relationship amongst various parties involved in the investment vehicle.

We are concerned that the relationship amongst the CDO parties is not fairly recognized within the Exposure Draft's concept of "variable interests" and that consolidation may be likely in instances when actual controlling financial interest does not exist. Moreover, several areas within the Exposure Draft offer ambiguous or contradicting indications for identifying and determining potential consolidation and we propose eliminating this ambiguity for CDO's, which are SPE's that effectively disperse non-recourse risk amongst the various counterparties.

Specifically, we recommend that paragraphs 22 and 23 of the Exposure Draft be revised to state that no investor would consolidate a SPE in a CDO transaction if substantially all of its assets are financial assets and if the risk of loss of the investor in such SPE is limited to its investment in purchasing the class or classes of the securities in which it is investing.

We also recommend revising paragraph 22 to allow the SPE in a CDO to hold derivative or synthetic instruments that do not combine the risks in a manner that supports the senior debt. Such limitations may inadvertently hinder the ability of the asset manager to exercise risk dispersion effectively. Any such limitations placed on the SPE by paragraph 22 should be enumerated with the specific characteristics of the limitations and not merely incorporated by reference to other accounting standards.

Consolidation of CDO entities within the financial statements of the "primary beneficiary" as defined in the Exposure Draft gives us equal concern over the usefulness of such financial statements. The inclusion of the non-recourse assets and liabilities on the primary beneficiary's balance sheet will inflate the appearance of assets and liabilities to which the "primary beneficiary" is not legally entitled to, nor be required to satisfy through its corporate assets. We believe it is reasonable to reflect on the asset manager's financial statements only that investment, if any, made by the asset manager in the CDO entity, consistent with the investment risks assumed by each of classes of investor within the entity.

INVESCO Senior Secured Management Inc. is a member of the Loan Syndication and Trading Association ("LSTA"). The LSTA has provided specific recommendations to the

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FASB with regard to the Exposure Draft. These recommendations include the comments raised by us, as well as incorporating additional points for your consideration. AMVESCAP supports the views expressed by the LSTA and encourages the FASB to adopt these recommendations in its final interpretation.

Once again, we would like to extend our thanks to the FASB for the opportunity to present our views. Should you wish to direct any questions to us regarding the Exposure Draft, please email Mark Moots at mark-moots@invesco.com.

Sincerely,

Robert F. McCullough

Chief Financial Officer

Cc: David Hartley - INVESCO

Anthony Clemente - INVESCO Kevin Petrovcik - INVESCO Mark Moots - INVESCO Aimee Partin - AMVESCAP