



Jonathan Symonds CBE Chief Financial Officer

Sir David Tweedie Chairman International Accounting Standards Board 30 Cannon Street London EC4M 6XH

Bob Herz Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116

20th July 2007

Dear Sir David and Bob

BUSINESS COMBINATIONS

The European Round Table represents the Chief Executives of forty-six of Europe's largest companies. The Chief Financial Officer Task Force brings together CFOs to, amongst other things, influence and support financial reporting standard setting and endorsement to Europe.

As part of our work, we have followed the development of the second phase of the business combinations project and note that issue of the final standards is imminent. We are writing to you to urge you to not issue these standards but to re-expose them.

We have not arrived at this decision lightly but after considerable debate and we recognise the gravity of our suggestion. We realise that the standards are a central tenet of the US/IFRS convergence project and removal of the US reconciliation requirement, and that the timing of this letter is unfortunate. However, we believe the standards have several technical and conceptual flaws and have circumvented due process by both including unexposed elements and dismissing the concerns of constituents.

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Whilst we appreciate that much work has been undertaken in finalising these standards we regret that this work appears to have been directed primarily at securing agreement between the two Boards as opposed to addressing the concerns of constituents or delivering the best possible accounting solutions. The marginal vote in favour of issue by the IASB is hardly a ringing endorsement

We are aware that the endorsement process in Europe has changed recently and that there is political pressure to reject any new business combinations standard. We have concerns about the endorsement process but, given our doubts over the standard, we do not believe we could support endorsement. We also recognise that the issue of the standards is seen as essential to the removal of the US reconciliation requirement; to this end, we have written to Commissioner McCreevy and Chairman Cox on this matter and our letter is attached.

We are also concerned that the consequence of non-approval in the EU could begin the process of a European version of IFRS which defeats our objective of a single set of high quality global accounting standards.

Yours sincerely

Chairman

European Round Table CFO Task Force

Chairman Cox Securities and Exchange Commission 100 F Street, NE Washington, DC 20549

Commissioner McCreevy European Commission Wetstraat 200 B-1049 Brussels

20th July 2007

Dear Chairman Cox and Commissioner McCreevy

FILING WITHOUT RECONCILIATION UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS

The European Round Table represents the Chief Executives of forty-six of Europe's largest companies. The Chief Financial Officer Task Force brings together CFOs to, amongst other things, influence and support financial reporting standard setting and endorsement to Europe.

We welcome the Securities and Exchange Commission's issue of a proposal to remove the reconciliation to US GAAP requirement for foreign private issuers. This is not only a practical useful concession to business but, more importantly, is a demonstrable step on the journey to accounting standards across the globe that allow for comparable financial reporting.

As you know, as companies within the European Union we cannot use an International Financial Reporting Standard until it is endorsed, a process which can take up to a year. This endorsement process has created the perception of a European body of IFRS, somewhat distinct and different from IFRS as promulgated by the IASB. In fact, other than the infamous carve-out from IAS 39, both bodies are identical. However, there may be instances in the future where the timing of the endorsement mechanism in Europe means that companies would, temporarily, not be able to confirm with IFRS as promulgated by the IASB. We are not seeking an exemption for European IFRS; rather we would propose that, in these instances, a reconciliation from European IFRS to full IFRS (rather than US GAAP) would be sufficient to enjoy the concession

On another matter, we have today written to the Chairmen of the IASB and FASB, urging them to re-expose the proposed business combinations standard, and a copy of the letter is attached. As we note, we have not taken this decision lightly. We recognise that under the roadmap and the memorandum of understanding a business combinations standard was seen

as key to the removal of the US GAAP reconciliation requirement. However, we would ask you not to see re-exposure as a failure to meet this obligation imposed on the FASB and IASB. On the contrary, we believe the work has demonstrated the ability of both Boards to work together to develop common standards, a more significant underpinning aspiration of the roadmap and the memorandum of understanding.

Over recent years, standard setting has moved from being a technical preserve into the arena of political debate. The co-operation of standard setters must be matched by regulators and politicians to ensure that the interests of those affected most by disagreements, the users and preparers, are not compromised.

Yours sincerely

Chairman
European Round Table CFO Task Force