

8 August 2008

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116  
USA  
director@fasb.org



LETTER OF COMMENT NO. 100

**File Reference No. 1600-100**

Dear Sir or Madam:

Credit Suisse Group ("CSG") welcomes the opportunity to comment on the Financial Accounting Standards Board's ("FASB") proposed Statement of Financial Accounting Standards *Disclosure of Certain Loss Contingencies -- an amendment of FASB Statements No. 5 ("SFAS 5") and 141(R)*. CSG is registered as a foreign private issuer with the Securities and Exchange Commission and its consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

Our understanding is that the proposed SFAS 5 amendments result from concerns expressed by investors that disclosures about loss contingencies under the existing guidance in SFAS 5 do not provide adequate information to assist users of financial statements in assessing the impact of future cash flows associated with loss contingencies. CSG has not encountered this concern. Nonetheless, some reporting companies have historically applied SFAS 5 either incorrectly or inappropriately, and such misapplications of the current rule have led to investor concern.

Specifically, many companies have either failed to establish sufficient litigation loss reserves (which can result in large unforecasted cash outflows and expense) or have overstated litigation loss reserves (allowing for 'earnings management' by releasing reserves into income in bad years) and as a result have left investors believing that they need more disclosure. However, CSG believes that when correctly applied, the existing language of SFAS 5 is highly effective in providing investors the information they need to assess impact of loss contingencies on future cash flows. Indeed, those reporting companies that have been vigilant in complying with the current rule have not been criticized by their investors; to the contrary, the information they have disclosed about loss contingencies has been timely and informative.

Given that the current rule -- when properly applied -- provides investors with relevant and useful information about loss contingencies, CSG would prefer to see any new guidance provide further explication on the existing SFAS 5 rather than call for incremental disclosures of loss contingencies when the 'likelihood is remote'. By

providing more guidance under the existing SFAS 5, FASB could narrow the wide variance in today's loss contingency accrual and disclosure practices. To be specific, further guidance in the following areas would improve correct and consistent application of SFAS 5:

- establish a corporate reserve policy and require management's *consistent* application thereof
- record a reserve *only* where a loss is *probable* and the amount of the loss can be reasonably estimated and do not allow for conservatism in establishing such reserves
- reverse a reserve *only* where a change in facts no longer makes the reserve relevant
- where a litigation loss is considered *reasonably possible*, ensure its disclosure
- do not create general reserves to cover unspecified claims
- periodically review and analyze litigation claims to determine the adequacy of reserves

We believe that the expanded disclosures proposed in the SFAS 5 amendments, would not meet the needs of investors, since the maximum loss disclosed in the footnotes will be much higher than what is actually booked in the balance sheet or what may eventually be paid. Further, we believe that the potential benefits of additional disclosures of loss contingencies when the 'likelihood is remote' for the financial statement user would be negligible at best and certainly not be reliable as a projection of future cash flows and at worst would lead to false or misleading information for investors, especially in the case of legal contingencies.

The very nature of a legal contingency, particularly in the US legal system, is unpredictable and often falls into the category of 'more than remote' but 'less than probable'. The proposed guidance fails to take into consideration the fact that a "legal contingency" – even if apparently material on its face – may actually be wholly immaterial; indeed, the nature of "notice pleading" in US litigation often leads to wildly inaccurate economic claims. We respectfully submit that the goal of disclosure should be for the market to know about legal contingencies when, and only when, they have become both probable and reasonably estimable. When that moment arises, disclosure should properly achieve a balance between investor knowledge (so that investors are not surprised by a material loss) and the entirely legitimate needs of a reporting company to properly defend itself against such claims in US proceedings.

CSG believes that the newly proposed guidance will result in disclosing a laundry list of unsupportable claims which in no way would provide investors with a better ability to assess a realistic impact to future cash flows. As such, the costs of additional disclosures, including the tabular reconciliation will far outweigh the benefits, if any. Therefore, if reporting companies diligently follow the current requirements of SFAS 5, perhaps augmented by the suggestions we make above, CSG believes SFAS 5 can continue to serve its purposes.



CREDIT SUISSE GROUP  
Paradeplatz 8  
PO Box 1  
8070 Zurich  
Switzerland

We would welcome the opportunity to further elaborate on our concerns. In the meantime, if you have any questions or would like any additional information on the comments we have provided herein, please do not hesitate to contact Todd Runyan in Zurich on +41 44 334 8063, Eric Smith in New York on (212) 538-5984, or Joanne M. Phillips in Raleigh on (919) 994-6555.

Sincerely,

Rudolf Bless  
Managing Director  
Chief Accounting Officer

Joanne M. Phillips  
Vice-President  
Accounting Policy and Assurance Group