



May 21, 2008

Mr. Robert H. Herz
Chairman
Financial Accounting Standards Board
P.O. Box 5116
Norwalk, CT 06856-5116
Via Email: director@fasb.org

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
EC4M 6XM London United Kingdom

Dear Chairman Tweedie and Chairman Herz,

While I have been a member of the Institute of International Finance for a number of years, I am writing to you as a user of financial statements to provide views to both IASB and FASB members on the issue of fair value measurement of financial instruments. As you may know, the investment associates of Capital International are heavy users of financial statements.

I encourage the IASB and FASB to adhere to the cornerstone principle of developing comparable, consistent, relevant and high-quality accounting standards. To this end, the boards should pursue full fair value of financial instruments on *both* sides of the balance sheet with *robust disclosures* and *informative presentation* on the face of the financial statements (as opposed to just in the footnotes) as soon as possible. This approach would provide much more transparent, balanced and useful financial statements than we have today.

Fair value measurement should be market-based where possible. To measure financial instruments otherwise risks further undermining the cornerstone principle for financial statements across companies and through time. Management views are best placed in the footnotes to communicate intentions and reasons why management believes market prices and inputs are wrong based on knowledge of the intended investment horizon, expected cash flows and how internal discounted cash flow valuations vary from prices in illiquid markets.

Moreover, ignoring market inputs risks obfuscating the reality of a company's liquidity-risk profile, and adds substantial complexity to the financial statements for users. To be sure, companies created and bought risky financial instruments and investors should not be left in the dark as to what the

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market says they are worth. To the contrary, companies should educate us about the values, so that we ourselves may accept or reject the period-end values and forecast future cash flows to value the companies in which we invest. Investors understand that some judgment may be needed to determine fair values in highly illiquid markets, and investors realize that such fair values are not perfect estimates. Having fair value measurements for financial instruments in the face of the financial statements and thus audited with rigor is of utmost importance.

Transparent reporting would help us system-wide to move beyond the crisis. History has shown that investors will step in and purchase securities when they perceive value. It's unfortunate that before now, market participants, regulators and risk managers have not had, or been prepared to use, fair value measurements of financial instruments on or off balance sheets.

Thank you for considering these views.

Sincerely,

A handwritten signature in black ink that reads "David Fisher". The signature is written in a cursive, flowing style with a large initial "D".

David I. Fisher