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Financial Accounting Standards Board  
Director of Research and Technical Activities  
File Reference No. 194-B  
401 Merritt 7  
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Letter of Comment No: 28  
File Reference: 1082-194R  
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Dear Director of Research and Technical Activities:

You have requested comments on the draft standard, *Consolidated Financial Statements: Purpose and Policy* (Exposure Draft). At IMC Global Inc. (IMC), we believe that the new standard as outlined will have little or no effect on the current consolidation of IMC's financial statements, however, we feel that a generally accepted definition of control as well as its implementation is necessary in order to provide businesses with a straightforward basis on whether to consolidate an affiliate.

We have structured our response to address the three fundamental issues outlined in the letter of request for comments.

*Definition of Control and Its Implementation Guidance*

Currently, IMC consolidates all subsidiaries which are more than 50 percent owned and controlled. IMC believes that the revised definition along with its characteristics of control clarifies when one entity controls another, and it will further lead to common understandings of the definition of control. We also believe that this revised definition would not change how we consolidate subsidiaries at the present time or in the future.

The situations presented by the Exposure Draft that would lead to rebuttable presumptions of control are necessary if only to provide concrete examples to the reader of how this Exposure Draft should be applied. However, of the situations provided IMC believes that only the first and fourth situations provide a reasonable basis for control in the absence of evidence that demonstrates otherwise. IMC agrees with the Alternative View as discussed in paragraphs 248-256 for the second and third situations described because the guidance provided by the Financial Accounting Standards Board could lead to conclusions that control exists when in fact it does not. We disagree with the Alternative View in respect to the fourth situation as it is IMC's belief that this would demonstrate control and require consolidation. The first and fourth situations presented are both clear as to their application and sufficient to be implemented into an entities

operations. Both of these two examples would not require additional presumptions in specific circumstances.

### *Transition and Implications for Interim Reporting*

The reporting of complete and comparative financial statements for all interim periods in the year of adoption should be a requirement of this Exposure Draft. The benefits derived from this is that readers will be provided a complete set of comparative financial information for use in their analysis of a company. Some arguments against this requirement would generally revolve around immateriality of a subsidiary or a lack of time to apply the new standard, but IMC feels these arguments are insignificant as compared to the importance of providing complete and comparative financial statements.

### Conclusion

The main purpose of this Exposure Draft is to provide a precise definition of control of an entity in order to establish standards for when entities should be consolidated. We agree with the Exposure Draft and feel it clarifies the definition of control of an entity which in turn would require consolidation of the entity. However, we believe that only the first and fourth situations as included in the Exposure Draft would provide a reasonable basis for presuming that one entity controls another in the absence of contrary evidence. We also feel that the guidance included in the Exposure Draft should apply to interim periods in the year of adoption.

We appreciate your consideration.

Very truly yours,

/s/ Anne M. Scavone

Anne M. Scavone

Vice President and Controller