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

2007-BCU

LETTER OF COMMENT NO. 6

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

Dear Sirs:

In light of the anticipated issuance of the Financial Accounting Standards Board's and the International Accounting Standards Board's (the "Boards") standards related to their joint project on business combinations and consolidation accounting, including the accounting for noncontrolling interests (the "standards"), we would like to express our views on certain of the significant aspects of those standards. Specifically, we wish to draw to the Boards' attention certain recommendations raised in our October 25, 2005 comment letter (our "original letter").

We continue to disagree with the proposed model for consolidation, including the accounting for noncontrolling interests. Further, in light of continued concerns over complexity in financial reporting, we believe the accounting for acquired contingencies and contingent consideration should be reconsidered. While we agree that certain of the standards' proposed changes are improvements to today's accounting for business combinations, overall we do not support the issuance of the standards in their present form because of the increased complexity and reduced relevance of financial reporting.

Model for Consolidation

We continue to believe the proposed model for consolidation will not enhance the quality and usefulness of financial information provided to the primary users of the consolidated financial statements. In the Boards' view, the financial statements should be presented as if the parent and the noncontrolling interests had similar economic interests in a single entity. However, we believe the consolidated financial statements are prepared primarily for the benefit of parent company stakeholders and therefore, presenting information from this perspective is of critical importance.

In our original letter, we disagreed with the Boards' proposed model for consolidation, including the financial statement classification of noncontrolling interests, the accounting for transactions with noncontrolling interest holders, and the accounting for transactions under which control is gained in multiple steps. We continue to disagree with these aspects of the consolidation model for the reasons previously articulated and have not been convinced by the Boards' subsequent redeliberations that the proposed model will be an improvement in financial reporting. Furthermore, given the recent decision reached by the International Accounting Standards Board with respect to the "full goodwill method", we note that convergence will not be achieved.

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Acquired contingencies
In our view, the Boards' proposed accounting for acquired contingencies will increase the complexity associated with financial reporting, which has recently become more of a focal point of the Boards. We believe increased complexity will not only result from difficulty associated with the initial and subsequent recognition and measurement of contingent assets and liabilities, but also the ongoing tracking of those assets and liabilities. While we acknowledge the changes that the Boards have made during their re-deliberations on the accounting for acquired contingencies, we remain concerned about these aspects of the proposal. In addition, we also are concerned that different criteria for initial recognition and subsequent measurement are proposed between U.S. GAAP and IFRS for acquired contingencies. We also point out that without clearly articulated measurement objectives from the Boards, we believe fair value measurement of acquired contingencies may yield unacceptably wide ranges of valuation results. In our view, this will diminish comparability amongst preparers, and potentially increase volatility caused by imprecise measurement, both of which may ultimately reduce the usefulness of financial reporting. Additionally, the proposal to subsequently remeasure contingencies acquired in a business combination will likely require complex tracking of individual assets and liabilities since current accounting standards generally do not prescribe fair value remeasurement. This will result in contingent assets and liabilities acquired in a business combination being recognized and measured differently than potentially identical contingent assets and liabilities that are recognized and measured in accordance with other generally accepted accounting principles. We believe this may be confusing to an investor.

Contingent consideration
We also do not agree with the current proposal to record changes in fair value of contingent consideration arrangements within earnings. Although the Boards believe subsequent changes in the fair value of contingent consideration arrangements relate to postcombination events and circumstances, we continue to believe that most changes in fair value reflect the uncertainty about the value of the business at the acquisition date and should be treated as additional purchase consideration rather than within earnings. We also note that many of our concerns regarding the initial and subsequent measurement of acquired contingencies at fair value are equally applicable in measuring contingent consideration at fair value as well.

Closing
We support the Boards' efforts to improve financial reporting and converge accounting standards. We note that this joint project has identified areas where improvements can be made and convergence may be achieved. However, we continue to disagree with certain key aspects of the proposed guidance and believe that such proposals will increase complexity and diminish the relevance of financial reporting.

We believe the Boards should reconsider those aspects of the standards, as noted above, prior to final issuance. We would welcome the opportunity to discuss these views with you in further detail. If you have any questions regarding our comments, please contact David B. Kaplan (973-236-7219) or John P. Brendon (+44 20 7804 4816).

Sincerely,

PricewaterhouseCoopers

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cc: Alan Teixeira
Stefanie Tamulis