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International Accounting Standards Board 30 Cannon Street LONDON EC4M 6XH

Dear Sir/Madam,

Re: Exposure Draft - Leases

We welcome the invitation to comment on this Exposure Draft and write on behalf of Cobham plc, a UK based FTSE 100 and S&P Europe 350 company. We operate globally in the Aerospace and Defence sector.

Rather than providing detailed responses to the questions as set out in the paper we have summarised our key thoughts and concerns below.

We appreciate the less onerous requirements around leases with durations of less than one year and the efforts to coordinate the approach between lessor and lessee accounting.

However, in summary we are opposed to the proposals made in this discussion paper as we do not believe that it satisfies the cost benefit criterion. In order to implement these proposals we would need to expend considerable resource and effort calculating the right of use asset and obligation to pay rentals for a large number of small operating lease arrangements. This is unlikely to have a significant impact on our Income Statement and will therefore only be a grossing up exercise on the Balance Sheet. We are also concerned about the effort required to review service agreements to ensure that no lease arrangements are embedded within them, in order to demonstrate that such arrangements are immaterial.

The current disclosures provided on operating leases provide the user with details of the total liabilities and timing of operating lease obligations. This enables the user to forecast future cash outlays and we believe that the additional information provided by the proposed standard does not justify the additional cost of undertaking the required detailed calculations.

Please contact Stephen Morris or Paul Kemp if you need any further clarification in respect of these comments.

Yours faithfully,

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