

Hitachi, Ltd.

6, Kanda-Surugadai, 4-chome, Chiyoda-ku
Tokyo 101-8010, Japan
Tel: +81-3-3258-1111
URL: <http://www.hitachi.co.jp>

August 28, 2002

To MP&T Director - File Reference No. 1082 - 200

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

Letter of Comment No: 26
File Reference: 1082-200
Date Received: 08/28/02

Re: Consolidation of Certain Special-Purpose Entities an interpretation of ARB No. 51

We hereby submit the following comment with respect to the Exposure Draft Consolidation of Certain Special-Purpose Entities: an interpretation of ARB No. 51.

1. Paragraph 23(a)

In paragraph 23(a), precisely what does "authority" mean, qualified as it is by the words "sufficient" and "significantly?" We would like this to be clarified with a specific example or examples.

For example, if an officer of an SPE that is established in the Caymans delegates authority to a branch office representative who is not an officer of the SPE, and there are limitations placed on the authority thus delegated with respect to the scope of the work or to the amount of money that can be handled, we would like to know whether the branch office representative would be deemed to have the "authority" as described by this paragraph. The delegated duty is administrative nature and is delegated to the branch office representative for the convenience of the officer of the SPE.

2. Paragraph 25

This states that an enterprise that provides administrative services to an SPE shall disclose the assets and liabilities of the SPEs that it serves and shall describe the purpose of those SPEs, even if it is not the primary beneficiary. If an enterprise is merely providing an administrative service, we fail to see the significance of such disclosures.

Moreover, while the Exposure Draft describes the criteria for determining what is a consolidated entity, it is not clear what the significance of such disclosures is when it comes to SPEs that are not consolidated entities as thus determined, and therefore consider said disclosures to be unnecessary in such cases.

Yours faithfully,

Yoshiki Yagi
Executive Vice President and Director
Hitachi, Ltd.