LETTER OF COMMENT NO. 2

National Cooperative Business Association ■ *www.ncba.coop*

April 6, 2009

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

Dear Chairman Herz:

On behalf of the members of National Cooperative Business Association (NCBA) and US cooperatives, we want to express our support for the recent proposal that was adopted by FASB.

At the meeting in March, FASB tentatively decided to classify as equity an ownership instrument that is redeemable at the option of the issuer. As recognized in the Agenda Papers, cooperative entities have the unconditional right to refuse redemption of member shares and therefore the instruments have no settlement requirements. As perpetual instruments redeemable only at the option of the cooperative, such shares should be categorized under this approach as equity.

The Board also tentatively decided to classify instruments that are mandatorily redeemable upon the holder's death or retirement as equity. We appreciate the recognition that retirement includes events such as termination, resignation or ceasing to be a member of a cooperative or partnership.

These proposals should encompass most of the cooperative shares held as equity by members in the US. We will analyze the proposals as they are drafted and provide comments as needed.

Recent discussions at the meetings among the Board members and between the Board members and staff show an understanding and appreciation of the cooperative model of business. We understand that this is a result of efforts on the part of the Board and staff to learn about the cooperative financial structure and how it compares to investor owned, publicly traded firms. We appreciate all your work in this area.

Sincerely,

Paul Hazen, CEO

Mary Griffin, Sr. Policy Advisor