



September 13, 2013

Mr. Russell Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856

Mr. Hans Hoogervorst, Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Submitted via electronic mail to director@fasb.org

Re: File Reference No 2013-270, Exposure Draft: Leases (Topic 842): a revision of the 2010 proposed FASB Accounting Standards Update, Leases (Topic 840)

Dear Chairman Golden and Chairman Hoogervorst:

PLM Trailer Leasing Inc., a subsidiary of Marubeni America Corporation, welcomes the opportunity to respond to the request for comments from the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) (collectively, the Boards) on the proposal contained in the FASB Exposure Draft (ED), *Proposed Accounting Standards Updates : Leases (Topic 842)*.

PLM is a leader in the refrigerated trailer food-service industry; our entire business model is based on the leasing and rental of trailers which service an extensive customer base. We are therefore concerned regarding the proposed changes that the (ED), as currently written, would implement. Furthermore, we believe there are consequential factors that the (ED) has not taken into consideration upon drafting such proposal. Our intent, via this letter, is to delineate our concerns and join with our industry partners in their assessment and recommendations to the Boards.

Upon further review of the proposal, PLM agrees that a two-lease model best represents the differences between leases, for accounting purposes. However we strongly disagree with the lease classification methodology proposed in the ED (type A/B separation). Leases cannot be separated based upon the nature or type but rather on the nature of the transaction. We believe that the model found in IAS 17 is the most appropriate and reasonable distinction. Furthermore for companies, such as PLM, who already adhere to the International Financial Reporting Standards (IFRS), approach this discussion with ambiguity since the Boards did not specify how such proposal addresses companies who dually adhere to US GAAP and IFRS.

PLM believes that the ED approaches both lessee and lessor accounting changes with the same basic model. We believe two different perspectives must be taken since symmetry is not the preferred outcome. We join with our industry partners, the Equipment Leasing and Finance Association (ELFA) whom have stated the following in their formal recommendation to the Boards "Equipment operating lessors share many of the attributes of lessors of property and therefore should be able to use the operating lease method. Conversely, the direct finance lease method is the preferred approach for financial lessors, whose position is generally closer to that of a creditor. That result would be balance sheet and P&L presentations that satisfy users' needs as they reflect the substance of the

perspective lessors businesses.” The Truck Renting and Leasing Association (TRALA) stated the following in their formal response to the Boards “TRALA believes that lessor and lessee accounting should not be symmetrical but rather the lessor’s business model should drive the lessor accounting.”

As cited by the American Accounting Association, *Evidence that Market Participants Assess Recognized and Disclosed Items Similarly when Reliability Is Not an Issue* published in July 2013 in an issue of *The Accounting Review*, concluded that “increased disclosure in the footnotes of the financial statements, not a drastic overhaul of the lease accounting standards is what is needed to address the concerns outlined by the SEC”.

Lease Transactions are complex and can vary from debt like transaction to more equity service orientated. Although we understand that the Boards wish to provide clarity, transparency and uniformity throughout the leasing world, PLM believes that the “one model” approach is not feasible and would create greater complexities in cost/benefit ratio, Tax, IT and Financial accounting statement preparation. IAS 17 already addresses many of these concerns and such re-deliberations made by the Boards should consider the vast businesses that would undertake complex changes that would far outweigh the benefits proposed by the current ED.

We respectfully submit this letter to the Boards.

Sincerely,

Keith Shipp
President and CEO