

December 2, 2013

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

Lease Accounting Project

Dear Mr. Golden:

The Private Company Council (PCC) was established by the Financial Accounting Foundation (i) to determine whether alternatives within U.S. Generally Accepted Accounting Principles (GAAP) are warranted for private companies and (ii) to serve as the primary advisory body to the Financial Accounting Standards Board (FASB or Board) on the appropriate treatment for private companies for items under active consideration on the FASB's technical agenda.

We previously have been asked by the Board to provide feedback from the PCC with respect to the current Lease Accounting Project on the Board's agenda. We are pleased to have had the opportunity to share the views of the PCC with you at our most recent meeting on November 12, 2013. At that meeting I read a statement regarding the sense of the PCC with respect to the principles we hope that the Board will consider as it continues its deliberations. We are now providing this letter to document our statement.

"The PCC believes, in principle, that different types of leases can provide different benefits to lessees.

Certain types of leases provide a financing alternative to straight asset purchases. Those assets are leased, rather than purchased, for the purpose of consuming a significant portion of the asset's utility. The pattern of use is similar to a purchase and can be considered as more of an in-substance purchase. The PCC agrees with the concept of recognizing the lease assets and lease liabilities on the lessee's balance sheet in this instance.

However, other leases, such as those represented by (but not limited exclusively to) certain real estate, are akin to locking in the benefits of an executory contract for a defined period of time. The lessee is not consuming a significant portion of the asset, nor choosing to finance a purchase. In those instances in which the lessee is not consuming a significant portion of the asset's utility, the PCC believes that no lease assets or lease liabilities should be recognized.

The PCC also notes that it does not see any compelling reason why there should be differences in recognition patterns between private companies and public companies on this issue."

These views by the PCC are purposely not prescriptive as to solution. We recognize this is a complex issue and our intent is solely to recite the principles we believe should be inherent in

the final U.S. GAAP standard. We are confident this view will be considered by the Board as it continues its due process and deliberations.

Should you or other members of the Board have any questions about this, please contact me.

Thank you for the encouragement to provide our comments.

Sincerely,

A handwritten signature in blue ink that reads "Billy M. Atkinson". The signature is written in a cursive style with a large initial "B" and "A".

Billy M. Atkinson CPA
Chairman
Private Company Council