

February 12, 2009

Mr. Robert Herz
Chairman
Financial Accounting Standards
Board 401 Merritt 7
P.O. Box 5116
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Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom

Dear Mr. Herz and Sir David:

Our business organizations and institutions represent companies and firms from all sectors of the economy and areas of the financial services arena. We write to you today regarding the second meeting of the Financial Crisis Advisory Group (“FCAG”) being held at Baruch College in New York. City. The agenda of the FCAG’s meeting includes deliberations regarding the possibility of changes to fair value accounting and the potential issuance of further guidance thereof. We believe that changes to fair value accounting and additional guidance should be issued with all dispatch.

The ramification of the continuing financial crisis continues to spread throughout the global economy. More rather than less transparency around the valuation of assets is a fundamental pre-condition for economic recovery. This is why we are concerned that the current regime of fair value accounting rules is continuing to make it difficult to accurately reflect the value of assets. No one need look no further than the inability to value assets under the U.S. Treasury Troubled Asset Relief Program (“TARP”) to understand the complexity of establishing fair valuations in the current environment. Accounting rules have unintentionally become both a barrier to improved transparency and a catalyst of additional economic pain.

This continued uncertainty has frozen the credit markets, endangered the soundness of financial institutions and cut off the lifeline to businesses. The delay in

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addressing these issues is compounding current problems and causing additional long-term adverse consequences and market dislocations.

We would respectfully request that the FASB and IASB issue additional guidance to determine fair value for accounting purposes and we would further recommend the following for immediate action:

Separate and report the credit loss portion of the periodic changes in fair value. The credit losses are, to be reflected in earnings, while all other losses are to be reflected in accumulated other comprehensive income (loss) until the related asset is sold or matures.

U.S. GAAP guidance around the recognition and measurement of impairment losses for loans differs from U.S. GAAP guidance for recognizing and measuring impairments related to investments in debt securities, even though the cash flows for both types of assets are often similar. In accordance with FAS 5 and FAS 114, the loan impairment model is based on incurred credit losses at the measurement date. However, in accordance with FAS 115 and EITF 99-20, the latter model is based on comparing the securities fair value versus its the current carrying value at the measurement date. This difference between these two models should be addressed by modifying the latter model to be consistent with the loan impairment model. Additionally, the periodic changes in fair value should be separated and reported in two components: (1) through earnings, and (2) in accumulated other comprehensive income (loss). For other than temporary impairment (“OTTI”) in securities, this would mean recognizing: (1) probable credit losses currently through earnings (i.e., only those impairments representing probable losses of contractual cash flows) and (2) all other portions of the loss (such as from liquidity discounts) in accumulated other comprehensive income (loss) until it becomes probable that the instrument will be sold or matures.

We recommend that these changes be transparent on the appropriate financial statements to allow investors, users and regulators a full and accurate disclosure of financial information.

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Conclusion

Requests for additional guidance and suggested changes to fair value accounting were contained in last August's report by the Securities and Exchange Commission's ("SEC") Advisory Committee on Improvements to Financial Reporting, last December's SEC Study on Mark to Market Accounting, as well as numerous comment letters by businesses, organizations and practitioners. With the continued worsening financial crisis, the changes discussed herein should be implemented as quickly as possible.

We stand by to assist you in any manner with this process.

Sincerely,



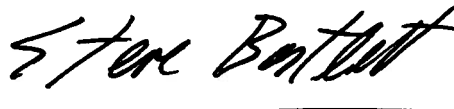
Richard Murray
Chairman
U.S. Chamber of Commerce
Center for Capital Markets
Competitiveness



Michael Monahan
Director, Accounting Policy
American Council of Life Insurers



John A. Courson
Chief Operating Officer
Mortgage Bankers Association



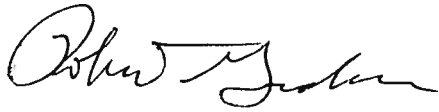
Steve Bartlett
President and Chief Executive
Officer
Financial Services Roundtable



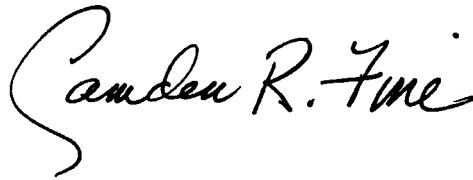
Rob Nichols
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William P. Kilmer
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National Association of
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Senior Vice President
Property Casualty Insurers
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Camden R. Fine
President and Chief Executive
Officer
Independent Community Bankers of
America



John von Seggern
President and Chief Executive
Officer
Council of Federal Home Loan
Banks



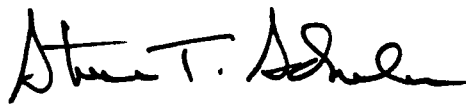
Michael Simms
Senior Vice President and Chief
Financial Officers
Federal Home Loan Bank of Dallas



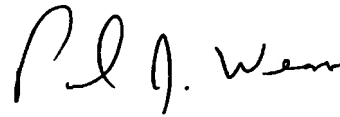
Roger D. Lundstrom
Executive Vice President and
Chief Financial Officer
Federal Home Loan Bank of
Chicago



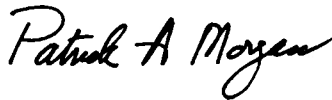
Steven J. Goldstein
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Federal Home Loan Bank Atlanta



Steven T. Schuyler
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Moines



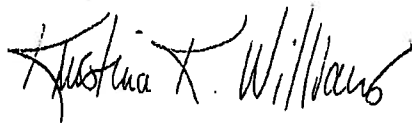
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York



Richard M. Riccobono
President and Chief Executive
Officer
Federal Home Loan Bank of Seattle



Kristina K. Williams
Chief Financial Officer
Federal Home Loan Bank of
Pittsburgh

cc: Mr. Harvey Goldschmid, Co-Chairman of the Financial Crisis Advisory Group
Mr. Hans Hoogervorst, Co-Chairman of the Financial Crisis Advisory Group