



AVIATION WORKING GROUP

22 June 2011

Sir David Tweedie
Chairman, IASB
London, United Kingdom
iasb@iasb.org

Ms. Leslie Seidman
Chairman, FASB
Norwalk, Connecticut, USA
lseidman@fasb.org; director@fasb.org

Re: **Leasing Accounting Project / Re-Exposure of Draft Standard**

Dear Sir David Tweedie and Ms. Seidman:

The Aviation Working Group (**AWG**) is an industry group whose members consist of the leading manufacturers, lessors, and financiers of aircraft and aircraft engines. AWG has been closely following the leasing accounting project and sent a comment letter on it to FASB and IASB (**Boards**) in August 2010.

Given our understanding of the direction of the project now being contemplated by the Boards, AWG strongly recommends a formal re-exposure of the draft with a meaningful comment period. We believe that such re-exposure is required by the accepted norms of due process in standard setting.

This request is based on our understanding that the direction being proposed by the Boards (1) suggests that the final standard may differ significantly from the materials exposed, and (2) on the core topics of lessor accounting, lessee accounting, and the scope and definition of a lease (including its term) is inconsistent with the (a) overwhelming majority of the nearly 800 submitted comment letter, and (b) main views expressed at the various consultative meetings set up by the Boards.

On these topics, AWG takes strong issue with such direction, as signaled by recent decisions by the Boards, as it would establish changes which (i) are wholly unnecessary (lessor accounting), (ii) do not reflect, and, in turn, would distort transaction economics in the majority of cases (lessee accounting), and (iii) would substantially increase compliance costs without commensurate benefit (definition of lease and its term).

We would be pleased to discuss these matters with the Boards and their staff.

Sincerely yours,

Jeffrey Wool
Secretary General
Aviation Working Group

CC: Claude Brandes (Airbus) and Scott Scherer (Boeing), AWG Co-Chairman