

The Editor
Financial Times
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10 April 2008

Dear Sir

Article in Accountancy column on 3 April—Reporting move could break writedown spiral

On 3 April 2008, the FT published, in its Accountancy column, an article about the so-called credit crunch entitled 'Reporting move could break the writedown spiral'. That article was written by Carsten Zielke (of Bear Stearns), Michael Starkie (BP) and Thomas Seeberg (formerly Siemens), all of whom are members of EFRAG TEG. The article was accompanied by a second piece, written by an FT journalist, entitled 'EU advisers back fair value claim'.

We thought it would be helpful, for the avoidance of any misunderstanding about the article, if we explained that:

- 1 Individual members of EFRAG TEG are not 'EU advisers'. It is EFRAG TEG as a body that is the 'EU adviser'. (EFRAG TEG also performs other tasks.)
- 2 EFRAG TEG advice and views are decided on following a vote in public of the twelve voting members of EFRAG TEG. (There are also three non-voting members.)
- 3 EFRAG TEG has not discussed the so-called credit crunch issue or any of the other issues discussed in the article written by Messrs Zielke, Starkie and Seeberg and has never had any sort of vote on any of those issues. EFRAG TEG therefore has not formed a view on the issues.
- 4 The requirements that currently apply in the EU for listed companies preparing consolidated financial statements are those contained in IFRS as adopted for use in the EU. 'IFRS as adopted for use in the EU' is identical to full IFRS (in other words the standards and interpretations issued by the IASB and IFRIC respectively) except that a few parts of IAS 39 relating to hedge accounting have not been adopted for use in the EU and the more recently issued standards and interpretations are still being considered in the adoption process.

It is perhaps also worth noting that Stig Enevoldsen, chairman of EFRAG TEG, referred to the current market turmoil in a recent speech given to a private meeting of the European Investment Bank. In that speech, he explained that his personal view was that the situation

is complex and attempts to find instant solutions could cause more harm than good. What is needed first of all therefore is a careful and comprehensive assessment of all the issues.

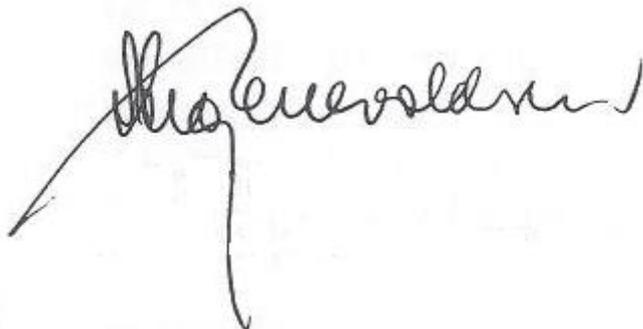
We hope this helps to put the aforementioned articles in context.

We intend to make this letter available on EFRAG's public website.

Yours faithfully

A handwritten signature in black ink, appearing to be 'John Vint', written in a cursive style.

Chairman of EFRAG Supervisory Board

A handwritten signature in black ink, appearing to be 'Hans Eversold', written in a cursive style.

Chairman of EFRAG TEG