



November 11, 2010

Dear ELFA Member:

On behalf of the ELFA Board of Directors and Officers, I am writing to you today on an industry-wide matter of considerable urgency. As you know, in August, the accounting standards-setting bodies, the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB), issued a *Leases* Exposure Draft that proposes a dramatic change in the way that lease transactions are booked--both by lessees and lessors. If adopted, this proposed revision to GAAP would result in the capitalization of all lease obligations and elimination of lessees' ability to account for these transactions as operating leases. Careful analysis of the Exposure Draft by the ELFA and other industry experts indicates that the capitalization model under consideration by the Boards would have other serious unintended consequences, not the least of which is a potential decline in the volume of lease financing worldwide.

The IASB and FASB are inviting Comment Letters from all interested constituents affected by these proposed rule changes. ***The deadline for receipt of Comment Letters by the IASB and FASB--December 15, 2010—is rapidly approaching.***

The ELFA is in the process of developing its Comment Letter. However, for the reasons stated above, we strongly urge you and your organization to provide the Boards your unique views on this matter by writing a formal Comment Letter of your own. The purpose of this letter would be to outline the impact of the proposed new rules on your business. Just as importantly, we'd like to suggest that you communicate the urgency of this matter to your lessees/customers as well as users of your financial statements--e.g., analysts, credit underwriters, and funding sources—and urge them to write letters as well.

*And, we can help you.* In addition to a variety of resources that provide explanation and analyses of the issues involved in the accounting change, the association's web site contains guidance to both lessees and lessors about how to craft a Comment Letter and provides useful information about the content of your letter. Also available on the web site is a Comment Letter filed recently by the ELFA's lease advisor, Bill Bosco. To access this information, go to <http://www.elfaonline.org/ind/topics/Acctg/>

We cannot emphasize strongly enough how important your voice is in communicating to the Boards your views on the lease accounting changes under consideration and the potential impact these changes may have on your business and your customers' business. There is still time to get our message across to the standards-setters and improve the Exposure Draft. But, your input is critical to this effort!

For more information or to discuss this matter further, feel free to contact Ralph Petta at [rpetta@elfaonline.org](mailto:rpetta@elfaonline.org), who is managing this activity for the association.

Sincerely,

A handwritten signature in black ink that reads "Woody" in a cursive, stylized script.

William G. Sutton, CAE  
President & CEO