February 12, 2010

Robert Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Re: Effective Dates for the Major Convergence Standards

Dear Mr. Herz and Sir Tweedie:

As Chairman of the Committee on Corporate Reporting ("CCR") of Financial Executives International ("FEI"), I am writing to provide our views on the effective dates of the major convergence standards outlined in the FASB and IASB Memorandum of Understanding ("MOU"). FEI is a leading international organization of 15,000 members, including Chief Financial Officers, Controllers, Treasurers, Tax Executives and other senior financial executives. CCR is a technical committee of FEI, which reviews and responds to research studies, statements, pronouncements, pending legislation, proposals and other documents issued by domestic and international agencies and organizations. This document represents the views of CCR and not necessarily the views of FEI or its members individually.

CCR supports the FASB's mission to establish and improve financial accounting and reporting standards through the convergence standards. Preparers must be able to manage the implementation of the convergence standards to achieve the FASB's mission. The unprecedented breadth and complexity of the convergence standards, and the associated systems, procedures and control changes that companies must manage to evaluate and apply these standards, present significant challenges and risks to a high-quality implementation. We therefore recommend that the Board deliberate the effective dates and transition of the major convergence standards holistically, rather than on a standard-by-standard basis, taking into consideration the major convergence standards' impact to companies and the interdependencies among the standards.

With respect to impact, our members identified Financial Statement Presentation, Leases and Pensions as the most impactful standards due to the level of systems and business process changes that will be required to implement the standards. For example, to our knowledge, systems-based ERP solutions for reporting cash flows under the direct method do not exist since the majority of companies do not manage their business based on direct cash flow. It will take a significant amount of time and substantial cost to develop and implement systems, processes and the associated controls to produce the direct method of cash flows. Accounting for leases presents a similar challenge. Presently, many companies track leasing activity outside of their accounting systems. The proposed changes will likely necessitate incorporating leases into accounting systems, thereby requiring time and effort to develop and implement systems, processes and associated controls.

The interdependencies among the standards are another important consideration. For example, the Financial Statement Presentation project dictates the type of information that a preparer will gather to present the financial information accounted for under the other convergence standards. Similarly, the definition of a liability will dictate the types of assets and liabilities that are accounted for under the scope of the Financial Instruments project. An effective date on the Financial Instruments or Financial Statement Presentation projects that precedes the effective date of the dependent standard would drive inefficiencies as preparers would need to rework the design of business processes and systems. Further, many conceptual underpinnings of Revenue Recognition are shared with the Leasing project. Our members feel that the implementation of the Leasing project can be maximized through a simultaneous implementation of the Revenue Recognition project.

Based on our assessment, we recommend that the Boards' provide an aggregated effective date for the final converged standards that provides a three-year implementation period, allowing for early adoption. We also ask that the Board permit preparers, when practical, the flexibility in choosing the method of adoption. Companies will require time to digest and implement the unparalleled volume and complexity of information presented by each of the converged standards applied to their specific business model. Providing adequate time for the body of converged standards will allow companies to thoughtfully identify the impacts, develop approaches that respond to the change, implement and test solutions, and conduct the necessary training to impacted internal and external individuals specific to their company and industry needs. The trade-off to a three-year implementation period is short-term comparability. We believe that this is offset by the ability of companies to manage effective implementations and to educate users on the impacts of the financial statement changes. We acknowledge that the IASB has decided to provide a two-year implementation period. We think that three years is more appropriate given the pervasiveness of the changes, the interdependencies and the associated system and process changes required.

Another important consideration is the manner of initial adoption whether it is retroactive restatement, cumulative effect, prospective, etc. While some major projects may be able to be implemented prospectively others most assuredly will require restatement most prominently the financial statements project. Again, we urge the Boards' to take a holistic approach to the initial transition to the new standards and to permit preparer's as much flexibility in choosing the manner of initial adoption as is possible. As noted above the trade-off will be comparability for a limited period of time but we believe the benefits outweigh the costs and the briefly reduced comparability.We believe that other interest groups, including the audit and regulatory communities, may have similar concerns. The benefit of providing a holistic approach to the effective dates of the major convergence standards is an environment that increases the quality of the implementation, while likely reducing the cost and, consequently, the quality of financial information provided to users.

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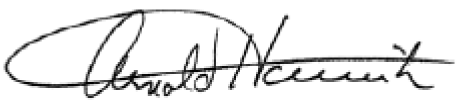
We appreciate your consideration of our views and welcome the opportunity to further discuss these matters. Please feel free to contact me at Hanish_arnold_c@lilly.com or (317) 276-2024 if you have any questions.

Sincerely,



Arnold Hanish
Chairman, Committee of Corporate Reporting
Financial Executives International

Appendix - Survey Results

We performed a survey of our member companies in order to prepare this letter. One of the survey questions asked member companies to rank the expected impact of the major convergence projects to their company. The impact was defined as the magnitude of the effort and time associated with developing people, processes and systems to implement the standard. Those results, presented below in the order of the highest to lowest impact, are:

- Financial Statement Presentation
- Leases
- Pensions
- Revenue Recognition
- Liabilities and Equity
- Financial Instruments