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February 10, 2015

Mr. Russell Golden,
Chairman Financial Accounting Standards Board
401 Merritt 7 P.O. Box 5116 Norwalk,
CT 06856-5116
(Sent via e-mail to director@fasb.org)

Mr. Hans Hoogervorst,
Chairman International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom
(Sent via e-mail to info@ifrs.org)

Re: Lease Project Deliberations (File Reference No. 2013-270, Proposed Accounting Standards Update (Revised), "*Leases")*

Dear Mr. Golden and Mr. Hoogervorst:

The Procter & Gamble Company ("P&G" or "the company") has been following the joint leasing project, exposure drafts and subsequent deliberations. We have not directly commented on the proposal previously, but have participated in the comment process through other industry and professional committees. We appreciate the staff's analysis of the concerns raised in the previous rounds of comment letters received on the exposure draft and the FASB and IASB's ("the Boards") consideration of the analysis. Our interest in this project is primarily from the perspective of a lessee, with literally thousands of leases globally, including everything from administrative office facilities to vehicles and office equipment. The vast majority of our leases are operating leases under current accounting standards.

We have been pleased with the progress the FASB has made on this project, as we believe its current approach best balances the relative costs and complexity of compliance with the driving user need of recording lease obligations on the balance sheet. We believe we can implement this model in a timely manner without incurring undue costs or devoting undue internal resources.

However, we are equally concerned that the Boards have diverged from a joint exposure draft for lessee accounting. As a global company with statutory filing requirements in over 100 countries outside the U.S., many of which apply or are based on IFRS, the need to comply with two different leasing models for our operations will be costly and complex. This is driven by the diverged model for income statement attribution (for example, a real estate lease which is classified as a Type B lease operating lease will be recorded to the income statement under U.S. GAAP on a straight line basis, and under IFRS on an interest and amortization approach). The system to support U.S. GAAP is largely in place, while the system needed to support statutory accounting for leases outside the U.S. will create a significant financial and technological burden.

We urge the Boards to reconsider convergence in the area of lessee accounting. Specifically, we urge the IASB to reconsider and move towards the current FASB model. Due to the high volume of transactions which will be subject to this guidance, the compliance costs to develop new processes and systems, provide education, and design and install controls to implement the IASB model will be significant, particularly in light of the need to maintain ongoing U.S. GAAP and IFRS reconciliations. Convergence with the FASB model not only avoids the incremental costs to U.S.-based multinationals, but results in the lowest overall compliance cost and complexity for companies that utilize IFRS, since this approach would effectively minimize the impacts of the new standard to the balance sheet.

Thank you for your consideration regarding this important issue. If you have any questions, please contact me at (513) 983-6666.

Sincerely,

Mick Homan