

15 March 2006

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Dear Mr Teixeira

MANAGEMENT COMMENTARY: DISCUSSION PAPER

Standard Life Investments, which is a wholly owned subsidiary of the Standard Life Assurance Company, is a leading global investor with £118 billion under management. In this capacity, we are active users of financial information prepared in accordance with International Accounting Standards.

We have read the Discussion Paper. We are grateful for the opportunity to comment on it. Our responses to the specific questions posed in the Discussion Paper are set out in the attachment. Our comments are generally supportive, giving emphasis and encouragement where appropriate. In particular, I should like to highlight the following:

- We believe the development of requirements for Management Commentary should be a priority for the Board. As well as being a very important component of the corporate reporting jigsaw, we detect that many preparers are generally supportive also. Consequently, we encourage the Board to press ahead and score a 'quick run' by developing an authoritative statement with reasonable haste.
- We believe it is very important to have an effective audit review regime to complement the IASB's guidance. Accordingly, we encourage your Board to liaise closely with the IAASB. We believe that the audit review requirements summarised in paragraph 188 of the Discussion Paper will provide users with an appropriate assurance.
- We understand the benefits that can accrue from 'safe harbour' provisions. It is important that if 'safe harbour' provisions are adopted in certain jurisdictions they are accompanied by appropriate checks and balances to minimise the scope for abuse. We commend this aspect for commentary by the Board in future pronouncements on the subject.

Standard Life Investments Limited, tel. 0131 225 2345, is a company registered in Scotland (no. SC 123321) Registered Office 1 George Street Edinburgh EH2 2LL.

The Standard Life Investments Group includes Standard Life Investments (Mutual Funds) Limited, SLTM Limited, Standard Life Investments (Corporate Funds) Limited and Standard Life Investments (Private Equity) Limited. Standard Life Investments Limited acts as Investment Manager for The Standard Life Assurance Company and Standard Life Pension Funds Limited.

Standard Life Investments may record and monitor telephone calls to help improve customer service.
All companies are authorised and regulated by the Financial Services Authority.

We hope our comments will assist the Board in its deliberations.

Yours sincerely

Guy Jubb
Investment Director, Head of Corporate Governance
Standard Life Investments

cc. Sir David Tweedie, Chairman – IASB
Mr I Mackintosh – Chairman - ASB