

June 10, 2011

Ms. Leslie Seidman. Chairman Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, Connecticut 06856-5116

Sir David Tweedie, Chairman International Accounting Standards Board 30 Cannon Street London EC4M6xh United Kingdom

Submitted via electronic mail to director@fasb.org

Re: File Reference: No. 1820-100

Dear Madam and Sir:

The Committee on Corporate Reporting ("CCR") of Financial Executives International ("FEI") has previously provided its views on the Proposed Accounting Standards Update, Revenue from Contracts with Customers (the "Proposed ASU") in a comment letter to the Boards dated October 22, 2010. This letter provides an update to our prior letter in response to recent redeliberations of the Proposed ASU.

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.

We understand that the Boards are currently contemplating whether to re-expose the Proposed ASU upon completion of their redeliberations. We commend the board members and staff for the significant progress made to date to improve the proposed standard. We have followed the Boards' redeliberations and believe that the concepts have improved considerably as a result of the Board's extensive outreach. However, we believe the nature, complexity and extent of the proposed changes to the original Proposed ASU relative to existing standards and the Exposure Draft warrants a full reexposure of the revised document for a period of 60 days or longer.

Except for the broadest of principles, virtually every aspect of the proposed model has undergone significant modification, including:

- Elimination of price interdependence for contract combination
- Removal of contract segmentation
- Significant changes to proposed guidance for identifying separate performance obligations
- Fundamental changes to concepts used to determine transaction price, including time-value, collectability and variable consideration
- Re-introduced residual method of allocating transaction price for highly variable performance obligations
- Revised allocation method for subsequent changes to transaction price
- Significant fundamental changes to continuous transfer revenue recognition model
- Significant changes to the onerous test that impact unit of account, scope and measurement
- Changed guidance for costs of obtaining a contract (i.e., changed from expense as incurred to capitalize direct and incremental)
- Expanded potential amortization period for contract acquisition and fulfillment costs
- Changes to proposed impairment model for deferred acquisition costs and capitalized fulfillment costs
- Significant fundamental changes to the accounting for product warranties, licenses and right to use intangible assets.

As we have indicated previously, we believe that the first priority of the Boards should be to the quality of the final standards. Revenue recognition is the one area that affects all business enterprises regardless of size and complexity and revenue is generally the primary focus of user and investor financial analysis. It is therefore far too important of a subject to be relegated to a Staff Draft process.

We believe the Board's commitment to quality has been demonstrated through the extensive outreach conducted to date. We further believe that the Board should

maintain this commitment to quality by following the thorough due process approach contemplated in its Rules of Procedure. By doing so, we believe that the Boards will demonstrate their continued commitment to quality. CCR would be pleased to provide assistance to the Boards in expediting the review of the revised exposure draft.

Sincerely,

Loretta V. Cangialosi

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Chairman, Committee on Corporate Reporting

Financial Executives International