



**KPMG LLP**  
757 Third Avenue  
New York, NY 10017

Telephone 212 909 5600  
Fax 212 909 5699  
Internet [www.us.kpmg.com](http://www.us.kpmg.com)

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Technical Director  
Financial Accounting Standards Board  
401 Merrit 7  
PO Box 5116  
Norwalk, CT 06856-5116

**Re: Proposed Accounting Standards Update, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards update No. 2011-05” (File Reference No. 2011-240)**

Dear Technical Director:

We appreciate the opportunity to respond to the proposed Accounting Standards Update, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards update No. 2011-05* (the proposed ASU). We agree with the Board’s decision to defer the effective date of ASU 2011-05 with respect to the presentation of reclassifications of items out of accumulated other comprehensive income (AOCI) into net income.

As we noted in our comment letter to the original proposed ASU (May 2010), we do not believe it is necessary to require presentation of the reclassification adjustments for each component of accumulated other comprehensive income (AOCI) to be reported separately both in net income and other comprehensive income. For some items of AOCI, such a requirement may create significant challenges for preparers and potential confusion for users. For example, actuarial gains or losses on defined benefit pension and other postretirement plans may be reclassified out of AOCI but may end up in any of several income statement line items (e.g., cost of goods sold, research and development, or selling, general and administrative). Further, because portions of the reclassification could be included on the balance sheet (e.g., inventory, self-constructed property, plant and equipment, or software developed for internal use), the amount reclassified out of AOCI would not necessarily equal the amount reclassified into net income in a particular period.

We believe the current requirements to present the reclassification adjustments either within other comprehensive income or in the notes to the financial statements continues to be appropriate until such time as the Board undertakes a broader project to consider the nature of other comprehensive income and whether or when reclassification into net income is appropriate.

We believe the Board needs to address whether or not comprehensive income is a performance measure and the consequences of that decision on whether or not reclassification of items of AOCI is appropriate. We believe this is a longer-term project and accordingly support the Board’s decision to defer the effective date of ASU 2011-05 with respect to reclassification of AOCI into net income until the Board has the chance to undertake its broader consideration of this and related issues.



If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Mark Bielstein at (212) 909-5419 or Paul Munter at (212) 909-5567.

Sincerely,

KPMG LLP