





March 7, 2012

Ms. Leslie Seidman, Chairman Financial Accounting Standards Board 401 Merritt #7 P.O. Box 5116 Norwalk, CT 06856

Ms. Seidman,

As you are aware, our companies have been actively engaged in outreach discussions with the FASB and FASB Staff with regard to the Exposure Draft and Revision of the Exposure Draft, *Revenue from Contracts with Customers*. We have participated in educational sessions, as well as private sessions, to discuss the merits of the proposed convergence standard for revenue recognition while highlighting some critical concerns should this proposed standard be issued without modification. In particular, we have serious concerns regarding the application of the Exposure Draft to the telecommunications industry, as follows:

- Despite any theoretical merit of the proposed methodology, the resulting accounting will seriously diminish the usefulness of our financial statements to users
- Reduced comparability of financial results, particularly key financial metrics, amongst industry participants for similar transactions
- The establishment of disparate accounting treatment for economically similar transactions
- The potential complexity and cost of implementation and ongoing financial statement preparation

We have each discussed this Exposure Draft with portions of our user community, namely industry analysts, and validated that our concerns are broadly shared within this community. In addition, we would reference you to the letter dated February 29, 2012, from fellow telecommunications industry participants and, in particular, the results of a survey conducted to solicit feedback from telecommunications analysts. The results of this study confirm our view that the proposed revenue standard, if adopted in its current form, would be adverse to the telecommunications industry and its users.

We urge the Board to permit sufficient flexibility in the new revenue standard to accommodate an outcome for our industry that is both consistent with our business models, practical to implement and provides users with decision useful information. We believe that this is achievable without adversely impacting other sectors and would better meet the objectives of this project.

## Page 2

We appreciate that the Board's outreach activities are ongoing and will be available to assist and engage in further discussions with the Board with a view to achieving a suitable solution.

Respectfully,

## /s/ John Stephens

John Stephens Senior Executive Vice President & Chief Financial Officer, AT&T

## /s/ Joseph J. Euteneuer

Joseph J. Euteneuer Chief Financial Officer, Sprint Nextel Corporation

## /s/ Francis J. Shammo

Francis J. Shammo

Executive Vice President &

Chief Financial Officer, Verizon Communications

cc: FAF Trustees FASB Board Members Henry Rees, IASB