August 24, 2009

Hewlett-Packard Company
3000 Hanover Street
Palo Alto, CA 94304

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

Sent via email to director@fasb.org

Re: Response to Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses, File Reference No. 1700-100

Hewlett-Packard Company appreciates the opportunity to share our company's perspective regarding the proposal to require enhanced disclosures about the allowance for credit losses and the credit quality of financing receivables.

Background

HP is a leading global provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses and large enterprises, including the public and education sectors. Our global product and service offerings are supported by our HP Financial Services (HPFS) business unit which offers leasing and other financing options for our large global and enterprise customers. Financing receivables resulting from such offerings represent sales-type and direct financing leases which typically have terms from two to five years and are usually collateralized by a security interest in the underlying assets. Our financing receivables also include billed receivables from operating leases.

Net Revenue and operating income from our HPFS business unit were each approximately 2% of total HP consolidated net revenue and operating income, respectively, for our most recent fiscal year ended October 31, 2008, and the carrying amount of our financing receivables was $5.0 billion, or approximately 4% of total assets, at October 31, 2008. The allowance for doubtful accounts associated with our financing receivables was $90 million at October 31, 2008. The carrying amount of our financing receivables approximates fair value due to the short maturities of the receivables.

Commentary

We are in general agreement with the Board's proposal to require enhanced disclosures related to the credit quality of financing receivables; however, we have some specific concerns regarding the scope and content of the proposed Statement as it applies to leasing transactions entered into to support the delivery of our product and services offerings.

The definition of financing receivables in the proposed Statement specifically excludes a lessor's rights to payments under operating leases. We believe the exclusion of transactions accounted for as operating leases would present an incomplete view of our leasing portfolio to the users of our financial statements. Segregating the proposed information from other leasing disclosures does not provide the holistic context necessary to properly evaluate the entire lease portfolio and the underlying transactions of a reporting entity.

As noted above, our customer financing transactions are a small component of our overall business and are utilized to support the delivery of our product and service offerings. Based on the nature of these transactions, we are able to obtain a deep understanding of both our customer base and the products financed which enables us to effectively manage the underlying risk. Although our HPFS business unit shares common characteristics with banks and other financial institutions, the interests of our financial statement users are not necessarily consistent with those of such institutions. Based on the unique characteristics of HP and other entities with captive financing business units, we believe the benefits of the expanded quantitative disclosures required by the proposed Statement would be somewhat limited to the users of our financial statements. Consequently, the costs to provide such extensive disclosures outweigh the benefits for certain entities.

Due to the concerns described above, we believe the Board should consider limiting the scope of the proposed Statement to loans, as defined by FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*, and address the disclosure requirements for a lessor's investment in leases in the IASB and FASB joint project on lease accounting. We also believe the Board should consider adopting a more principles-based disclosure approach consistent with the recently announced "Disclosure Framework" project. This would provide financial statement users with disclosures commensurate with the complexity and risk of the underlying transaction.

In summary, we support the Board's efforts to enhance disclosures about the credit quality of financing receivables. However, we believe the Board should reconsider whether disclosures related to the credit risk inherent in leasing transactions should be addressed separately from other leasing disclosures, and whether the extensive quantitative disclosures required in the proposed Statement should be applicable to all creditors.

If you have any questions regarding our comments, please feel free to contact me at Jim.Murrin@hp.com

Sincerely,

Jim Murrin
Hewlett-Packard Company
Senior Vice President, Controller, and Principal Accounting Officer