September 20, 2010

Submitted via email (director@fasb.org)

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

Re: File Reference no. 1840-100

We appreciate the opportunity to comment on the Financial Accounting Standards Board's ("Boards") proposed Accounting Standards Update, Contingencies (Topic 450), Disclosures of Certain Loss Contingencies issued July 20, 2010.

We support the Board's goal of improving the usefulness of financial information that is disclosed to financial statement users and recognize the level of effort the Board has made to address some of the serious concerns raised by the draft standards that were initially proposed in June 2008. However, we do not believe the revised standards correct the concerns and these new proposed standards, if adopted, would not achieve the Board's stated objectives.

As we discussed in our 2008 response memorandum, we are not aware of any significant void in the current disclosure process. We do not believe this standard adds any value to the usefulness of the financial information that is provided to financial statement users. We acknowledge that there may be diversity in practice in applying Accounting Standards Codification Topic 450, *Contingencies;* however, it is our opinion that the current standard represents a principle-based standard. The current direction of the Board is to converge with IFRS and focus on principle-based standards. We do not believe this current proposal is within the spirit of that goal, and suggest that any changes to ASC 450 instead be issued as a joint standard.

We also believe that any converged standard must have a prejudicial exemption component as many of the requirements in this proposed Update appear to require the disclosure of information which would be prejudicial.

We would be happy to further discuss our views and comments with the FASB members or its staff.

Sincerely,

Thomas W. Sweet
Vice President, Chief Accounting Officer
Dell Inc.

Laura J. Coleman
Vice President, Litigation & Intellectual Property
Dell Inc.

Jeffrey L. Trautman
Corporate Reporting Senior Consultant
Dell Inc.

ATTACHMENT

Question 1; *Are the proposed disclosures operational? If not, please explain why.*

No. We believe that this proposed Update still contains several requirements that would in effect, require public companies to disclose information which would be prejudicial to them in connection with litigation contingencies. For instance, in proposed paragraph 450-20-55- 1A, the proposed Update states that "it may not be appropriate to aggregate amounts related to individual litigations with those related to class-action lawsuits or to aggregate litigations in jurisdictions that have different legal characteristics...." and "it may not be appropriate to group together in one class loss contingencies that have significantly different timings of expected future cash outflows....". Based on this guidance, it appears that aggregation of several lawsuits of similar, but not exact characteristics will not be allowed. Therefore, companies may have to disclose information related to how much they have accrued for potential liabilities for specific cases which would provide counsel representing the parties that have sued the company with information that indicates how the company estimates the exposure at any given time. This would allow the counterparty to the litigation contingency to obtain normally privileged or confidential information. If a public company were required to disclose any specific accrual prior to a judgment or settlement discussion, it could be perceived as an admission of liability and create a "floor" for any future settlement discussions. This likely will drive up the cost of settlement in many instances, which is not in the interest of shareholders.

Paragraph 450-20-55-1D of this proposed Update would also require the following disclosures for aggregated items of similar claims "...(a) the total number of claims outstanding, (b) the average amount claimed, and (c) the average settlement amount". In addition to possibly requiring disclosure of prejudicial information, this requirement could also provide financial statement users with misleading information as users will assume the average amount of settlement is indicative of the company's remaining exposure, when in fact, the company's remaining exposure could be significantly higher or lower. Litigation claims, even similar claims, can have vastly different values. For example, in patent cases, the likely exposure may range from a few hundred thousand dollars up to tens of millions. Averages of such claims would be meaningless and could incorrectly imply that the Company has a greater level of precision in its expectation of the settlement of remaining claims, thereby giving the required information a misleading effect to the users. On the other hand, disaggregating further will lead to potentially prejudicial disclosures or disclosing significantly more information for individually immaterial claims as settlement amounts are typically confidential and, again, potentially meaningless as an indicator of remaining open claims. Plaintiffs in any case, even the same case, have different facts and circumstances that impact their willingness and ability to negotiate a settlement. Finally, we believe disclosing litigation demands is misleading to investors. A claimant has no legal responsibility to make a demand consistent with the value of its claim. Demands are often excessive. The vast majority of cases settle for significantly less than the initial demand. Moreover, in many cases, no specific demand is made by the suing

party. These proposed disclosure requirements will incentivize claimants to make excessive demands for either negotiating leverage or to obtain protected information.

We believe that these requirements will not provide financial statement users with meaningful information and in some cases will actually provide the users with misleading information. For example, the suing party may make demands that would have a severe impact. However, the company may believe such a severe impact is remote, at best. If companies are nevertheless required to disclose the litigation demand, financial statement users may think that the exposure is far greater than it really is.

There is another requirement in the proposal to disclose information on insurance coverage. Because the information regarding insurance and possible indemnities will be uncertain, these proposed disclosures may prejudice a public company. Such information, if produced in litigation, is generally protected by a confidentiality order. Financial readers will not benefit from tentative and incomplete insurance information. Confirmation of insurance coverage is generally uncertain until the late stages of a matter.

If this proposed Update becomes a standard, we believe an annual requirement with an update quarterly only for material changes is appropriate. Cases generally take several years before they are resolved As a result, it appears unduly burdensome to require any update to the disclosure unless there is a material change.

Finally, we do not support issuing a new standard that is not fully converged when there have been clear indications that we will be required to move to IFRS or adopt fully converged standards with IFRS in the future.

Quest/on *2:* *Are the proposed disclosures auditable? If not, please explain why.*

Because of the inherently uncertain and difficult nature of determining the exposure for contingencies, we think that most auditors will mainly obtain audit support using the Management Representation Letter and representations from legal counsel. We do believe validating the significant number of facts that are required to assess the values assigned will expand the amount of auditor time with little or no benefit to the shareholder.

In addition, we believe that the auditors will require additional information beyond the current lawyer letter which may result in the loss of the attorney-client privilege and work product protections. We do not believe this added risk comes at any benefit to the shareholder as we believe the current disclosures are sufficient.

Question *3:* *The June 2008 FASB Exposure Draft, Disclosure of Certain Loss Contingencies, had proposed certain disclosures based on management's predictions about a contingency's resolution. The amendments in this proposed Update would eliminate those disclosure requirements such as estimating when a loss contingency would be resolved and the entity's maximum exposure to loss. Do you agree that an explicit exemption from disclosing information*

that is "prejudicial" to the reporting entity is not necessary because the amendments in this proposed Update would:

a. *Not require any new disclosures based on management's predictions about a contingency's resolution*
b. *Generally focus on information that is publicly available*
c. *Relate to amounts already accrued in the financial statements*
d. *Permit information to be presented on an aggregated basis with other similar loss contingencies?*

If not, please explain why.

No. We believe that as it is currently written, the aggregation criteria are overly restrictive (See our response to question 1 above for additional discussion) and often aggregation may not be allowed.

Because we believe the aggregation criteria are so restrictive, we believe that the requirements of the tabular reconciliation will require us to disclose prejudicial information and potentially cause us to disclose privileged information. As indicated above, we also believe the proposed insurance disclosures are potentially at risk of requiring disclosure of confidential information.

Question *4:* *Is the proposed effective date operational? If not, please explain why.*

Because the final standard is not likely to be published until late 2010, we do not believe that this date is operational. This standard will require new processes and SOX controls that will have to be implemented in order to: (a) identify and analyze contingency information across many different jurisdictions for multi-national companies using a new threshold than previously used, (b) identify and analyze remote contingency information, (c) educate and train internal and external legal counsel, management, and financial statement preparers on the new requirements, especially as it relates to contingencies deemed remote, Because of the complex nature of contingencies, all of these processes will be have to be manual processes and will require a significant amount of time to create, implement, and test. SOX controls will also need to be created, developed, and tested during the same time frame. In addition, the external auditor will then need to perform testing and develop an opinion as to management's assessment of the control environment surrounding this process. The accounting firms also need time to develop their positions as practice, particularly around aggregation, will evolve.

We note that in consideration of the requirements of this proposed update, the Board has already proposed a delayed adoption for non-public companies. If adopted, we believe that this standard should be effective for annual fiscal years **beginning** after December 15,2010 with early adoption permitted.

Question 5: *Do you believe that the proposed disclosures will enhance and improve the information provided to financial statement users about the nature, potential magnitude, and potential timing (if known) of loss contingencies?*

No. We believe that the required disclosures will greatly increase the volume of disclosures, while providing few useful details for shareholders due to the difficult nature in assessing the proper amount of exposure. We believe that in order to prevent the release of prejudicial information, companies will have to resort to standard "boiler-plate" language and generalities that could make financial statement users more confused. We believe that the current disclosure requirements provide adequate information in today's litigious environment. We note that litigation liabilities are already required to be disclosed under SEC Regulation S-X Rule 5-02 if they exceed five percent of current liabilities or total liabilities, depending on balance sheet classification. We believe that adopting this proposed Update will not provide any more material useful information than is required today, and in fact may further confuse the financial statement users.

Question 6: Do you agree that nonpublic entities should be exempt from the tabular reconciliation disclosures required in the amendments in this proposed Update? If not, please explain why. Are there any other aspects of the amendments that should be applied differently to nonpublic entities? If so, please identify and explain why.

We do not have any comments on this topic.

Quest/on 7: *The amendments in this proposed Update would defer the effective date for nonpublic entities for one year. Do you agree with the proposed deferral? If not, please explain why.*

We do not have any comments on this topic.

Question 8: Do you believe that the proposed and existing XBRL elements are sufficient to meet the Securities and Exchange Commission's requirements to provide financial statement information in the XBRL interactive data format? If not, please explain why.

We believe the proposed and existing XBRL elements are more than sufficient to meet the Securities and Exchange Commission's requirements to provide financial statement information in the XBRL interactive data format. In fact, we question whether there is a need for so many tags at such a detailed level. Several of the existing and proposed tags appear to go beyond the SEC's requirements to tag accounting policies, amounts reported in the financial statements, and monetary values, percentages, and numbers disclosed in each footnote.