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September 29, 2010

Via email

Technical Director  
File Reference No. 1790-100  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, Connecticut 06856-5116

**Re: File Reference No. 1790-100, *Comprehensive Income (Topic 220), Statement of Comprehensive Income***

Dear Sir:

Wells Fargo & Company (Wells Fargo) is a diversified financial services company with over \$1.2 trillion in assets providing banking, insurance, trust and investments, mortgage banking, investment banking, retail banking, and consumer finance. We appreciate the opportunity to comment on the FASB's File Reference No. 1790-100, Proposed Accounting Standards Update, *Comprehensive Income (Topic 220), Statement of Comprehensive Income* (the "Proposed ASU").

### **Executive Summary**

We support the Financial Accounting Standards Board's (the "FASB") efforts to improve comparability, transparency and consistency in financial statements. However, we do not believe one continuous statement of comprehensive income represents an improvement in financial reporting. Any changes to the composition of the primary financial statements should be postponed and considered in connection with the joint project of the FASB and International Accounting Standards Board (the "IASB") on Financial Statement Presentation<sup>1</sup> (the "FSP Project") and resolution of other comprehensive income treatment for all matters currently unaligned between U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards ("IFRS").

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<sup>1</sup> FASB Staff Draft, *Financial Statement Presentation – Joint Project of the IASB and FASB*

Technical Director  
August 24, 2009  
Page 2

### **Specific Comments on the Proposed ASU**

Our specific comments related to the Proposed ASU are expressed below.

- **The overwhelming rejection of the newly proposed classification and measurement guidance on financial instruments<sup>2</sup> (the “Financial Instruments ED”)** eliminates the need for the proposed guidance: We, along with the vast majority of respondents to the Financial Instruments ED, do not support the proposed expansion of fair value as the primary measurement attribute for financial instruments<sup>3</sup>. Feedback from both preparers and users indicates continued support for amortized cost as the most appropriate measurement for loans, deposits and other non-derivative liabilities. Given this feedback and the likelihood that these instruments will continue to be measured at amortized cost, a continuous statement of comprehensive income is not necessary.
- **Information about comprehensive income is already provided in the primary financial statements:** Currently required disclosures in the primary financial statements already provide users with sufficient information to evaluate the components of comprehensive income. In fact, current guidance in Topic 220<sup>4</sup> provides preparers an option to disclose the components of other comprehensive income in either a continuous statement of comprehensive income, separate statement of other comprehensive income, or statement of changes in stockholders’ equity. Virtually all preparers have elected to report other comprehensive income in the statement of changes in stockholders’ equity. We are not aware of a demand by analysts or investors for a continuous statement of comprehensive income. If users considered such a statement to be useful, preparers would have already responded by electing to disclose a continuous statement of comprehensive income.
- **A continuous statement of comprehensive income will deemphasize a company’s business model:** Net income is one of many important metrics used by management, analysts and investors to assess the performance of a company’s business model. The inclusion of net income as a subtotal within a continuous statement of comprehensive income will give artificial prominence to activities that may not affect the cash flows of an entity. As a consequence, the earnings statement may include amounts that do not represent changes in current operating performance and may never be realized in net income (e.g., changes in the value of debt instruments held for the collection of cash flows).

Additionally, the requirement to continue the calculation of earnings per share using net income does not alleviate preparer concerns that a continuous statement of comprehensive income will result in an inevitable and misguided focus on comprehensive income per share. Presenting these elements in a single statement with net income could mislead users into viewing OCI “earnings” as equivalent to current net income, which they are not.

- **The proposed guidance is premature:** In connection with the FSP Project, the FASB and the IASB have undertaken a joint project to develop a set of sufficiently disaggregated and cohesive financial statements. Given the fundamental changes to the primary financial statements contemplated in the FSP Project and the apparent lack of user demand for a continuous statement of comprehensive income, it would be premature to require changes to the guidance for reporting other comprehensive income. We encourage the FASB to permanently postpone the issuance of the Proposed ASU and

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<sup>2</sup> Proposed Accounting Standards Update, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities - Financial Instruments (Topic 825) and Derivatives and Hedging (Topic 815)*

<sup>3</sup> Our comment letter on the Financial Instruments ED was submitted to the FASB on August 19, 2010.

<sup>4</sup> ASU Topic 220, *Comprehensive Income*

Technical Director  
August 24, 2009  
Page 3

consider any changes to the guidance for reporting other comprehensive income in connection with the FSP Project.

- The proposed guidance does not promote convergence with the IFRS: The FASB has acknowledged the importance of convergence and is engaged in a number of joint projects with the IASB to accomplish this goal. However, the FASB chose not to work with the IASB on this project. Substantial differences exist in the treatment of the types of items to be reported in other comprehensive income as well as the requirements for reclassifying (recycling) those items into net income. Consistent with our comments on the Financial Instruments ED, we encourage the FASB and IASB to resolve their differences before moving further into the public comment phase of their projects.

### **Conclusion**

We do not support the proposed guidance and believe the current reporting requirements for other comprehensive income are adequate and effective. The Proposed ASU will not improve comparability, transparency or consistency of financial statements among preparers. We encourage the FASB to permanently defer the issuance of the Proposed ASU. Any changes to the format of the income statement and in the reporting of the components of other comprehensive income should be considered in connection with the FSP Project.

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We appreciate the opportunity to comment on the issues contained in the FASB's Proposed ASU. If you have any questions, please contact me at 415-222-3119.

Sincerely,

/s/ Richard D. Levy

Richard D. Levy  
Executive Vice President & Controller

cc: Financial Accounting Standards Board Members  
International Accounting Standards Board Members  
Kathy Murphy – Office of the Comptroller of the Currency  
Art Lindo – Federal Reserve Board  
Robert Storch – Federal Deposit Insurance Corporation  
Donna Fisher – American Bankers Association  
Gail Haas – New York Clearing House Association