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Mr. Russell G. Golden Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5166 Norwalk, CT 06856-5116 30 September 2010

Re: Proposed Accounting Standards Update, "Statement of Comprehensive Income" (File Reference No. 1790-100)

Dear Mr. Golden:

We appreciate the opportunity to comment on the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update, "Statement of Comprehensive Income" (the Proposed Update).

We support the effort by the Board and the International Accounting Standards Board (IASB, and together with the FASB, the Boards) to work jointly on significant projects to arrive at converged standards. Given the ongoing globalization of capital markets, there is a strong need for high-quality, internationally comparable financial information that is useful for decision-making. As we have stated before, we believe the best way to achieve this objective is to ultimately move to a single set of high-quality global financial reporting standards. Until this can be achieved, however, the continued convergence of standards is critical.

We acknowledge the intention of the Boards to further this objective with respect to the presentation of items of other comprehensive income (OCI) by issuing their respective proposals. We also understand that the Boards have accelerated this project given their recently proposed amendments to the guidance on financial instruments, as well as in the IASB's case, those to IAS 19, *Employee Benefits*. However, we find it difficult to evaluate the proposed changes while there are no clear underlying principles for the recognition of OCI items or for the reclassification of such items through net income. Without such a foundation, we believe users will continue to be confused by the separation of items in OCI from those included within net income. The fundamental question of 'What is OCI?' still needs to be addressed. In our response to the Boards' October 2008 discussion paper, *Preliminary Views on Financial Statement Presentation*, we pointed out that the Boards should resolve the conceptual issue of what items of OCI are supposed to represent, i.e., whether they fulfill the criteria of income or expense or rather represent other non-owner changes in equity. The Boards have yet to address this conceptual question, and have no current plans to proceed with a broader project on performance reporting to deal with the issue. We strongly believe these very important issues should be addressed by the Boards.



Moreover, we believe that an option to either present a single statement of comprehensive income or present items of OCI separately from the income statement in two statements would provide users transparent access to the same information as the current proposal to require a single continuous statement of net income and OCI comprising two distinct 'sections'. Although we believe that eliminating the option in US GAAP to present changes in OCI in a statement of changes in stockholders' equity would improve transparency and would converge with IFRS, we do not believe that the proposal to require presenting all non-owner changes in equity in a single statement of comprehensive income offers meaningful improvement in the presentation of financial statements over a two statement approach.

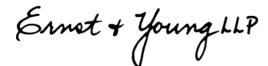
Additionally, given the lack of principles underlying what activity is or is not recorded in OCI, we believe that maintaining the ability to prepare two separate statements will enable users to focus on net income as a performance measure until the underlying issues with OCI can be resolved. We believe that a decision about whether to eliminate the option to prepare two separate statements should not be made prior to deliberating (and concluding on) the conceptual issues related to performance reporting. We strongly encourage the Boards to engage in public outreach activities in order to carefully and thoughtfully evaluate the needs of financial statement users in this context before setting out to change the manner in which performance reporting information is presented in financial statements.

Appendix A to this letter provides our detailed responses to the *Questions for Respondents* included in the Proposed Update.

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We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,



Appendix A – Responses to specific questions raised in the Proposed Accounting Standards Update, "Statement of Comprehensive Income"

Question 1:

Do you agree that requiring a continuous statement of comprehensive income will improve the comparability, transparency, and understandability of financial statements such as relationships between changes in the statement of financial position, the components of other comprehensive income, and the components of net income in each period? If not, why not, and what changes would you suggest to the amendments in this proposed Update

Response:

As noted above, we do not support changes requiring a continuous presentation of the statement of comprehensive income until such time that the Boards engage in deliberation of the broader issue of performance reporting. We do, however, support eliminating the alternative under US GAAP to present other comprehensive income in the statement of changes in stockholders' equity. Removing this alternative would result in greater transparency of total comprehensive income as well as convergence with current IFRS guidance.

We do not believe that requiring a continuous statement of comprehensive income and eliminating the option to present other comprehensive income in a separate statement offers a meaningful improvement in presentation. Both presentation alternatives (i.e., one continuous statement of comprehensive income or a separate statement) display the components of other comprehensive income in an equally detailed and identifiable manner, allowing for comparability by users. While we understand that the proposed presentation would maintain a clear distinction between net income and other comprehensive income, we continue to have concerns with the potential for net income as a performance measure to be obscured by total other comprehensive income and its components, for which the conceptual basis has not been addressed. Moreover, although we strongly believe it is appropriate for earnings per share to continue to be calculated on net income and not total comprehensive income, a performance measurement that is linked to a subtotal in a continuous statement of comprehensive income may add to users' confusion.

The continued prohibition on backwards tracing (see our comment letter on the Proposed Accounting Standards Update, Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities) demonstrates the anomalies that result from presentation requirements that are not based on conceptual principles. In our view, it is counterintuitive to record the tax effects of transactions in comprehensive income but to record a change in those related tax effects (e.g., change in tax law and a change in valuation allowance) as a component of net income. While we recognize that this is beyond the scope of the proposal, we believe that it is indicative of the more pressing need for a broader conceptual review of the components of other comprehensive income prior to elevating its presentation to a continuous statement.

Question 2:

Do you agree that the option should continue to report the tax effect for each component of other comprehensive income either in the statement of comprehensive income or in the notes to the financial statements?

Response:

We agree that the option should continue to report the tax effect for each component of other comprehensive income either in the statement of comprehensive income or the notes to the financial statements.

Question 3:

Do you believe that the requirement to display reclassification adjustments for each component of other comprehensive income in both net income and other comprehensive income in the statement of comprehensive income would improve the understandability and comparability of financial statements?

Response:

We do not believe that the requirement to display reclassification adjustments for each component of OCI in both net income and other comprehensive income in the statement of comprehensive income would be a significant improvement over footnote disclosure. We agree that there are benefits of providing information about reclassification adjustments in a transparent and understandable manner; however, we believe this can be appropriately accomplished through footnote disclosure.

Question 4:

What costs, if any, will a reporting entity incur as a result of the proposed changes?

Response:

We believe the costs a reporting entity will incur as a result of the proposed changes will be minimal, as the proposed changes do not require an entity to report any additional information that is not already required to be presented or disclosed in the financial statements.

Question 5:

The Board plans to align the proposed effective date of the amendments in this proposed Update with the effective date of the amendments in the proposed Update on financial instruments. Are there any significant operational issues that the Board needs to understand to determine the appropriate effective date for the amendments in this proposed Update?

Response:

As noted above, the information to implement the proposed changes is readily available. We therefore do not believe there are any significant operational issues to be considered in determining the

appropriate effective date for the amendments in the proposed Update. However, we note that the alignment of effective dates with the amendments in the proposed Update on financial instruments highlights that broad changes are being proposed to a primary financial statement to accommodate the accounting for a single component. We believe that appropriate presentation principles based on an understanding and review of the underlying objectives for this financial statement should drive changes, rather than changes being the outcome of other standard setting.

Question 6:

The amendments in this proposed Update would not change the guidance on the calculation and display of earnings per share. Do you believe that the Board should change the guidance on earnings per share? If so, what changes would you recommend and why?

Response:

We agree with the Board's decision not to change the guidance on the calculation and display of earnings per share. We believe that earnings per share, as currently defined, is a key performance metric that is well understood by financial statement users. As noted above, we are concerned that there are currently no clear underlying principles for determining when an item should be recognized in other comprehensive income. Therefore, we believe that requiring a per-share metric that is based on total comprehensive income rather than net income has the potential to be misleading and confusing to users.