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Ms. Susan Cosper, Chairman Emerging Issues Task Force Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

Submitted via electronic mail to director@fasb.org

Dear Ms. Cosper:

GE appreciates the opportunity to provide its views on EITF Issue 11-A, Parent's Accounting for the Cumulative Translation Adjustment upon the Sale or Transfer of a Group of Assets That Is a Nonprofit Activity or a Business within a Consolidated Foreign Entity. We believe that the tentative conclusion reached by the Task Force is a direct and logical consequential effect of the Board's conclusions in ASU 2010-10, Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification, which expanded the scope of Subtopic 810-10 (formerly FAS 160) to include the loss of a controlling financial interest in a group of assets that meets the definition of a business. More importantly, we believe that the tentative conclusion reached by the EITF provides the most appropriate financial reporting, as the measurement of the gain or loss on disposal of a business should include any related currency effects.

The underlying issue addressed by ASU 2010-02 is whether the form of a business sale should affect the accounting for the transaction under Topic 810-10. Specifically, should the sale of business structured as an asset sale receive different accounting than if the legal entity was part of the transaction? The Board's conclusion was that those two transaction forms should receive the same accounting treatment. As a result, the cost basis of the assets will include the associated portion of accumulated CTA. This is consistent with the accounting for goodwill associated with asset disposals. Paragraph 350-20-35-52 states:

When a portion of a reporting unit that constitutes a business is to be disposed of, goodwill associated with that business shall be included in the carrying amount of the business in determining the gain or loss on disposal.

This conclusion also is consistent with the Board's intent in the issuance of FAS 160. Paragraph B53 of that Statement indicates:

When a parent ceases to have a controlling financial interest in a subsidiary, the parent-subsidiary relationship ceases to exist. The parent no longer controls the subsidiary's assets and liabilities. The parent therefore derecognizes the assets, liabilities and equity components related to that subsidiary. The equity components will include any noncontrolling interest as well as amounts previously recognized in other comprehensive income.

We can understand how, in the absence of technical amendments to Topic 830, a reporting entity could reasonably conclude that CTA releases should be limited to transactions involving disposal of a subsidiary or substantially complete liquidation of a subsidiary. Hence, the current diversity in practice on this issue is not unexpected. However, we also believe that maintaining consistency with the concepts underlying FAS 160 and ASU 2010-10 is an important consideration in determining how to resolve this diversity. The EITF's tentative conclusion accomplishes that objective and achieves the most appropriate measurement of the gain or loss on the disposal of a business.

We note that determining whether a group of assets meet the definition of a business is an important interpretive matter related to Issue 11-A. While there are judgments in reaching conclusions as to whether a group of assets is a business in certain fact patterns, we note that they are not unique to matters affecting the potential release of CTA upon disposal of a group of assets. For example, these same judgments must be made in the application of Topic 810-10 and paragraph 350-20-35-52. Accordingly, we believe that interpretive issues associated with the definition of a business should not influence the EITF's conclusions on whether to make conforming amendments to Topic 830.

We also understand that allocations of CTA to asset disposals can be difficult in certain fact patterns. In our own experience, the degree to which CTA can be directly related to a group of assets varies depending on the nature of the business and the reporting entity's organizational structure. We believe that the proposed ASU's requirement to determine the amount of CTA to be released accommodates this difficulty. The ASU states that such allocations should be performed "in a systematic and rational manner that reflects an asset group's relative portion of the cumulative translation adjustment associated with the foreign entity." We also believe that the application of the proposed ASU on a prospective basis helps resolve many of the concerns about the cost of adopting this approach relative to the benefits.

We appreciate the opportunity to provide our views and we look forward to the Task Force's future deliberations on this topic. Please feel free to call me at (203) 373-2444 if you have any questions regarding this response.

Sincerely,

Jamie S. Miller