October 5, 2010

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

Re: File Reference No. 1790-100

Dear Mr. Golden:

General Electric appreciates the opportunity to provide comments on the exposure draft addressing the Statement of Comprehensive Income (ED). We do not support the proposed amendments because the ED requires presentation of a new bottom line performance measure that is undefined and unfamiliar to investors. We fully expect that ordinary shareowners will be confused about the meaning of Comprehensive Income and how they should think about the relationship between that measure and net income. While we understand the motivations for the proposed change, we believe that the Board’s objectives could be achieved through a different required display, as discussed below.

The ED stipulates that a single performance statement would improve the transparency, consistency, and comparability of the components of Other Comprehensive Income (OCI). It is debatable whether predominant approach in current practice, in which OCI elements are presented in the Statement of Changes in Shareowners Equity, obscures these elements from investors. All of the permitted presentation options require display of OCI elements in a major statement – only the context in which the elements are presented vary. If there are criticisms about opaque financial reporting for OCI elements, we are uncertain of the bases for those assertions. That said, it is a fair point that the presentation options create a degree of inconsistency and non-comparability that could be improved by mandating a single presentation approach.

Currently, the Codification permits the following three alternatives for presenting comprehensive income: a one-statement approach (ASC 220-10-55-7), a two-statement approach (ASC 220-10-55-9) or a statement of changes-in-shareowners-equity approach, (ASC 220-10-55-11 and 55-12). Of these three, we believe the third alternative is the most representationally faithful display option given the nature of elements included in Other Comprehensive Income.
The basis for our recommendation is that we do not believe that the Board should require presentation of Comprehensive Income as the bottom line in a performance statement without providing a robust framework that helps investors understand its meaning in that context. Since the introduction of Comprehensive Income in the Conceptual Framework, the Board has added new elements and amended the display of its components without engaging in a robust debate about its meaning as a performance measure. To the contrary, in certain of these amendments the Board has acknowledged that the individual elements of Other Comprehensive Income are more important than the total. We would agree with that conclusion given that some elements, such as currency translation adjustments, do not relate directly to the entity’s performance. In addition, even those components that some might argue do relate to performance (such as unrealized gains and losses on investment securities and derivatives designated as hedges) do not present a complete picture: typically the investment securities are funded by debt or insurance obligations that are not measured at fair value through Comprehensive Income nor is the hedged item in a cash flow hedge. That reality renders Comprehensive Income an imperfect performance measure, if it can be characterized in that way at all, because it is incomplete and includes elements that do not relate directly to performance. Furthermore, we believe that a single, continuous statement will obscure and detract from net income and therefore earnings per share (EPS) — one of the most widely followed performance indicators used by investors.

We also believe that more thought needs to be given to the issue of recycling, which is an important difference between US GAAP and IFRS standards. With the decisions made in IFRS 9 and the proposed accounting in the IASB’s ED on post-employment benefits, the question of recycling between Comprehensive Income and Net Income becomes ever more important. Accordingly, we believe that the FASB and IASB need to answer three fundamental questions related to this issue:

1) What is the conceptual basis for recycling?
2) What does that conceptual basis reveal about Other Comprehensive Income and Net Income as performance measures and the relationship between them?
3) Why is it appropriate to recycle certain elements from Comprehensive Income to Net Income (e.g., unrealized gains and losses on securities) and not others (e.g., revaluations of fixed assets)?

We believe the Boards should develop a conceptual framework that defines the role of OCI before it issues a standard that mandates a particular display approach. If the Boards decide to proceed without undertaking this research, we believe that our proposed alternative, requiring display in the Statement of Changes in Shareowners Equity, best represents the underlying nature of the elements of OCI and accomplishes the goal improving consistency in reporting them, with a lower risk of creating confusion among shareowners. Please feel free to call me at (203) 373-2444 if you have any questions regarding this response.

Sincerely,

/s/ Jamie S. Miller

Jamie S. Miller