LETTER OF COMMENT NO. 149

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April 14, 2009

Technical Director
International Accounting Standards Board
30 Cannon Street
London
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Dear Sir or Madam:

TransCanada Corporation (TransCanada) is pleased to submit its comments in response to the Invitation to Comment on the Discussion Paper on *Preliminary Views on Financial Statement Presentation* as issued jointly by the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB).

TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure, including natural gas pipelines, power generation, gas storage facilities and projects related to oil pipelines and power facilities.

TransCanada supports the goal of a single set of high-quality accounting standards that are accepted and applied globally. While we support the objective of improving the usefulness of information provided in financial statements, we believe that the proposals presented in the Discussion Paper require significant improvement before they can achieve this goal in a manner that appropriately balances costs with benefits.

Our comments on selected questions raised in the Discussion Paper are included in the appendix attached to this letter. Our primary concerns are:

1) The proposed model adds a level of complexity to general purpose financial statements that, in fact, will likely reduce the decision usefulness of those statements. By introducing this level of disaggregation on the financial statements, we believe that the ability to see the broader view of an entity's overall financial position and management's stewardship is lost, or at best, made more difficult to assess.

2) We strongly question the ability of a large, market capitalization entity with multiple segments and lines of business to produce the level of detailed information required to present the segment level classifications, the direct cash flow statement and the reconciliation of cash flows to comprehensive income. Entities that have a number of centralized functions (e.g. accounts payable or corporate cost accounting) will have the most difficulty producing this information because they likely do not 'color code' or tag their cash payments, cash receipts and other transactional level data in a way necessary to present this level of disaggregation in

the statements. Instead, their accounting and related business processes are focused on accrual accounting for preparation of general purpose financial statements.

3) The cost of implementing the proposed changes would be excessive and far outweigh the benefits of making the statements more decision useful. In particular, the ability to present a direct cash flow statement and the reconciliation of cash flows to comprehensive income will require major upgrades to information systems and redesign of the related business processes because producing these schedules requires data capture and reporting at the cash receipts/cash payments level rather than at the aggregated level. Even with significant system changes, it is questionable whether large, multi-business and/or multinational companies could meet some of the proposed requirements without significant changes to existing business models, which we believe is contrary to the management approach.

4) Significant additional personnel resources will be required on an ongoing basis to produce the required level of disaggregation for large market capitalization companies with complex structures and multiple segments. This will further add to the increased costs of implementing the proposed model in practice and could present delays in timely disclosure and/or challenges in meeting filing deadlines imposed by securities regulators.

5) In our opinion, the direct cash flow method does not provide information that is more decision useful than the indirect method. We do not believe that the direct cash flow provides additional insight into the underlying operations of an entity. Specifically, fluctuations in the timing of payments and receipts of working capital do not reflect how well the entity performed in a reporting period. These items should be dealt with separately from the underlying transactions as is current practice in the indirect method (i.e. changes in operating working capital). Furthermore, we believe that the addition of the reconciliation of cash flows to comprehensive income appears to be a way of continuing to include the information currently provided in the indirect cash flow statement. We believe that this supports our position that the direct cash flow does not provide additional decision useful information.

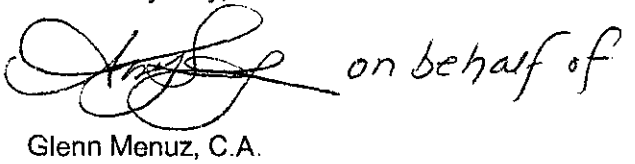
6) The Discussion Paper does not address complex classification issues that will arise in practice such as the use of a single asset for more than one purpose or the use of a single asset across segments. The Discussion Paper proposes to address these at a later stage in the project's development; however, we believe that complex situations must be considered at the earliest stage of this project in order to assess the overall practicality of the approach.

7) As an entity in the process of converting to International Financial Reporting Standards (IFRS) for 2011, we are concerned about the timing of adopting these proposals. We ask the boards to consider a delayed transition period for this standard. We believe that the adoption of IFRS and these proposed changes in such a short period of time will be extremely costly for financial statement preparers and overly confusing for financial statement users.

8) We ask the boards to consider the impact that these proposals will have on the recently implemented XBRL taxonomy in the United States. These proposals will require a complete redesign of the current taxonomy and extensive implementation time, cost and effort by financial statement preparers.

TransCanada hopes that its comments will be useful to the IASB and FASB in their deliberations. If you have any questions or would like to discuss any of these matters, please do not hesitate to contact us.

Yours very truly,



Glenn Menuz, C.A.
TransCanada Corporation
Vice-President and Controller

Copy: Mr. Peter Martin, Accounting Standards Board (Canada)

APPENDIX – Response to *Preliminary Views on Financial Statement Presentation*

TransCanada's responses to the questions raised in the Discussion Paper are set out below.

Chapter 2: Objectives and principles of financial statements presentation

1. Would the objectives of financial statement presentation proposed in paragraphs 2.5–2.13 improve the usefulness of the information provided in an entity's financial statements and help users make better decisions in their capacity as capital providers? Why or why not? Should the boards consider any other objectives of financial statement presentation in addition to or instead of the objectives proposed in this discussion paper? If so, please describe and explain.

The IASB's exposure draft entitled *An Improved Conceptual Framework for Financial Reporting - Chapter 1 The Objective of Financial Reporting, and Chapter 2 Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information* indicates that the objective of general purpose financial reporting is to provide financial statements that are useful for users in their decision as capital providers. While we understand that the boards considered this exposure draft in their determination of the objectives of financial statement presentation, we do not agree that the objectives selected for the presentation of financial statements improve their decision usefulness. In particular, our concerns are:

Cohesiveness

While we concur that the cohesiveness of financials statements is an important objective of financial reporting, we are concerned that the proposed model applies the concept of cohesiveness at the line item level and places the importance of cohesiveness before other objectives of financial reporting such understandability. We believe that the statements can be equally decision useful when cohesiveness is considered at a higher level (such as the statement level) in conjunction with information provided in the notes to the financial statements.

Disaggregation

We do not believe that disaggregation should be considered an objective of financial statement presentation. While we agree that more disaggregation can be useful in certain circumstances, such as on the statement of comprehensive income, we believe that the level of disaggregation required in the proposed model is unwarranted and, in fact, has the potential to distract users from an overall view of the financial position and management's stewardship of the entity. Furthermore, we question the ability of large, complex entities with multiple segments and lines of business to produce the level of disaggregated data on a consolidated basis as required in this proposed model.

We believe that a certain level of disaggregation of material transactions and events, and the appropriate commentary in the notes to the financial statements, is important to ensure that users have a transparent and representative view of the entity. We believe that presenting the financial statements at an aggregated level is more appropriate, while considering further disaggregation in the notes to the financial statements for specific items for which users have indicated a need for more information.

2. Would the separation of business activities from financing activities provide information that is more decision-useful than that provided in the financial statement formats used today (see paragraph 2.19)? Why or why not?

We agree that the separation of business activities from financing activities is decision useful; however, we believe that this information is readily available in the current financial statement presentation without the need to reformat the statements.

3. Should equity be presented as a section separate from the financing section or should it be included as a category in the financing section (see paragraphs 2.19(b), 2.36 and 2.52–2.55)? Why or why not?

We prefer the classification of equity in a separate section, particularly for the statement of financial position. This preserves the concept of the residual value of the entity because the equity section includes owner accumulated value (such as share values, retained earnings and other reserves) and distinguishes it from third party financing. In addition, separate classification of equity ensures more consistency across the other categories since they will include only asset and liabilities.

4. In the proposed presentation model, an entity would present its discontinued operations in a separate section (see paragraphs 2.20, 2.37 and 2.71–2.73). Does this presentation provide decision-useful information? Instead of presenting this information in a separate section, should an entity present information about its discontinued operations in the relevant categories (operating, investing, financing assets and financing liabilities)? Why or why not?

We agree that an entity should present discontinued operations in a separate section under the proposed presentation model. We believe that isolating discontinued operations from continuing operations provides users with better information to assess the amount, timing and uncertainty of future cash flows of current and future operations. We do not agree that discontinued operations should be allocated among the relevant categories as it would skew the information in those sections/categories by combining discontinued and ongoing operations.

5. The proposed presentation model relies on a management approach to classification of assets and liabilities and the related changes in those items in the sections and categories in order to reflect the way an item is used within the entity or its reportable segment (see paragraphs 2.27, 2.34 and 2.39–2.41).

(a) Would a management approach provide the most useful view of an entity to users of its financial statements?

We agree that a management approach is the most appropriate approach for any proposed model. This approach fits more suitably with a principles-based set of accounting standards such as IFRS. We believe that it would be difficult and arbitrary to establish classification guidance/rules across all countries and industries. We also believe that the management approach supports the representational faithfulness characteristic of financial reporting by allowing management to present assets and liabilities in a manner that best reflects the use of those assets/liabilities in its operations and activities.

(b) Would the potential for reduced comparability of financial statements resulting from a management approach to classification outweigh the benefits of that approach? Why or why not?

While we believe that there is the potential for reduced comparability across entities by using a management approach to classification, we do believe that this may also best reflect the economic reality in that different organizations utilize assets and liabilities in different ways dependent on the individual company's level of risk, management philosophy and strategic direction. We do not believe that the reduction of comparability will outweigh the benefits as long as the basis of management classification is appropriately disclosed in the notes to the financial statements.

6. Paragraph 2.27 proposes that both assets and liabilities should be presented in the business section and in the financing section of the statement of financial position. Would this change in presentation coupled with the separation of business and financing activities in the statements of comprehensive income and cash flows make it easier for users to calculate some key financial ratios for an entity's business activities or its financing activities? Why or why not?

We believe that the proposed model may make it easier to calculate some financial ratios but believe that specific additional note disclosure could make calculation of ratios easier under the current model without adding excessive length and complexity to the face of the financial statements.

7. Paragraphs 2.27, 2.76 and 2.77 discuss classification of assets and liabilities by entities that have more than one reportable segment for segment reporting purposes. Should those entities classify assets and liabilities (and related changes) at the reportable segment level as proposed instead of at the entity level? Please explain.

We believe that complex entities with many centralized functions will find it extremely difficult to classify assets and liabilities at the reportable segment level because much of their financial information will not be tracked or managed at that level. For example, cash management and treasury functions are commonly performed at the macro level of an organization. As such, cash, debt and the related risk management strategies (hedging) are often not 'color coded' at the segmented level and any attempt to classify centralized items at this level would be arbitrary and not representative of management's approach to these functions.

If the proposed model is adopted, large centralized entities will have to incur extremely high costs to redesign information systems and the related business processes in order to generate the level of detail required at the segmented level. We do not believe that an entity should be required to change the way it manages its prudent and efficient operations so as to accommodate changes in financial reporting where the costs so significantly outweigh the benefits.

8. The proposed presentation model introduces sections and categories in the statements of financial position, comprehensive income and cash flows. As discussed in paragraph 1.21(c), the boards will need to consider making consequential amendments to existing segment disclosure requirements as a result of the proposed classification scheme. For example, the boards may need to clarify which assets should be disclosed by segment: only total assets as required today or assets for each section or category within a section. What, if any, changes in segment disclosures should the boards consider to make segment information more useful in light of the proposed presentation model? Please explain.

We suggest that the level of segmented disclosure should remain as required today. As noted above, we believe that the level of detail required to present classifications at the segmented level would be costly and could result in information that misrepresents the entity's management of certain items on the statement of financial position.

9. Are the business section and the operating and investing categories within that section defined appropriately (see paragraphs 2.31–2.33 and 2.63–2.67)? Why or why not?

We agree that the business section and operating categories are generally defined appropriately but have concerns about some of the specific items classified as operating in the illustrative statements included in the Discussion Paper. In particular, we are concerned that property, plant and equipment is classified in the illustrative statements as an operating item. We do not agree that this is the appropriate classification since most entities appear to consider capital expenditures to be an investing activity.

In addition, we have reservations about the definition of investing activities as proposed in the Discussion Paper. Investing activities are defined as unrelated to the central purpose for which the entity is in business and are used to generate a return in the form of interest, dividend or increased market prices. We believe that there could be confusion in practice for items that are generally considered working capital, such a short term investments, as they are related to the operating activities of the entity but may also meet the definition of investing as they generate the types of returns indicated in the definition.

We believe that clarification of the definitions is required.

10. Are the financing section and the financing assets and financing liabilities categories within that section defined appropriately (see paragraphs 2.34 and 2.56–2.62)? Should the financing section be restricted to financial assets and financial liabilities as defined in IFRSs and US GAAP as proposed? Why or why not?

We have some concerns with the definitions of the financing section and financial assets and liabilities as proposed in the Discussion Paper. We question the classification of cash as a financing activity. We believe that cash is part of working capital as it is directly related to the day-to-day operations of an entity. In addition, we do not agree with restricting the financing category to financial assets and liabilities as there may be certain non-financial assets and liabilities that may qualify as financing activities.

We also believe that the classification of lease and pension obligations needs clarification. The illustrations included in the Discussion Paper show lease and pension obligations classified as operating activities. We believe that there is evidence to support that these items, or

components thereof, could be classified as financing activities. For example, the IASB's Discussion Paper on Employee Benefits discussed certain approaches for presenting changes in the value of plan assets and defined benefit obligations which we believe could require consideration as to whether components of such changes could be presented in the cash flow statement in categories other than operating. Additionally, since capital leases can be classified as direct financing leases, we believe there is support for the classification of leases as financing activities. Clarification is needed to determine if the illustrations were intended to be simply one example of classification based on management's approach or indicative of the expected classification of these particular items in practice.

Chapter 3: Implications of the objectives and principles for each financial statement

12. Paragraph 3.14 proposes that cash equivalents should be presented and classified in a manner similar to other short-term investments, not as part of cash. Do you agree? Why or why not?

We do not agree with the proposal to classify cash equivalents in a manner similar to other short-term investments. We believe that cash equivalents, being highly liquid and readily convertible to cash, are a key component of an entity's day-to-day cash management process in its ongoing operations. If cash equivalents were classified with other short term investments then classification would not be representative of management's use of these investments in its operations. We believe that the classification of short term investments should be less prescriptive and left to management's discretion as is consistent with the approach for other financial statement line items.

13. Paragraph 3.19 proposes that an entity should present its similar assets and liabilities that are measured on different bases on separate lines in the statement of financial position. Would this disaggregation provide information that is more decision-useful than a presentation that permits line items to include similar assets and liabilities measured on different bases? Why or why not?

We agree that similar assets and liabilities that are measured on different bases should be identified in a set of financial statements. This provides decision useful information as items with different measurement basis can have different economic impacts. However, we do not agree with the comment in the Discussion Paper that it is more straightforward to provide this information on the face of the statements. We believe that increasing the level of detail on the face of the statements impairs the users' ability to see the broader view of an entity. We believe that note disclosure of the differences in measurement basis would provide adequate information without adding the additional level of disaggregation to the face of the financial statements.

14. Should an entity present comprehensive income and its components in a single statement of comprehensive income as proposed (see paragraphs 3.24–3.33)? Why or why not? If not, how should they be presented?

We do not agree with the mandatory presentation of comprehensive income and its components in a single statement. We believe that the presentation model in the recently amended IAS 1 is preferable. The amended IAS 1 allows for either a single statement of comprehensive income or two separate statements – an income statement and a statement of comprehensive income. If two statements are presented then the amended IAS 1 states that the income statement must immediately precede the statement of comprehensive income.

We prefer the option to present a separate income statement as it allows an entity to emphasize net income and earnings per share. We believe this presentation is more decision useful since it provides information directly related to the operating results of the entity.

15. Paragraph 3.25 proposes that an entity should indicate the category to which items of other comprehensive income relate (except some foreign currency translation adjustments) (see paragraphs 3.37–3.41). Would that information be decision-useful? Why or why not?

We believe indicating the category to which items of other comprehensive income relate could provide decision useful information in the case of items of other comprehensive income that relate to an asset or liability that is classified in more than one category. However, we believe that in most cases the category would be self-evident. That being said, indicating the category to which items of other comprehensive income relate would not be difficult to add to the statements except in the case of foreign currency translation adjustments.

16. Paragraphs 3.42–3.48 propose that an entity should further disaggregate within each section and category in the statement of comprehensive income its revenues, expenses, gains and losses by their function, by their nature, or both if doing so will enhance the usefulness of the information in predicting the entity's future cash flows. Would this level of disaggregation provide information that is decision-useful to users in their capacity as capital providers? Why or why not?

While we agree that some preparers of income statements/statements of comprehensive income may use excessive aggregation such that they do not provide decision useful information, we believe that the level of disaggregation proposed in the Discussion Paper is excessive and the requirements are overly directive. Specifically, we are concerned about these requirements for large, complex entities with multiple segments and lines of business. For these entities, we believe that excessive disaggregation on the face of the statements would seriously impair the understandability of an entity's general purpose financial statements. As an alternative, we believe that management should be provided the opportunity to determine the most appropriate format for presentation of the information in its income statement/statement of comprehensive income. This would be consistent with the management approach to classification proposed in the Discussion Paper.

Furthermore, the cost to financial statement preparers to collect and generate information using both nature and function is expected to be prohibitive for most entities. This presentation could require the re-design of project costing and other information systems and the related business processes. We believe that the costs outweigh any added benefit of providing the information using both function and nature.

We believe that the model used in IAS 1 is appropriate. It requires that the income statement/statement of comprehensive income be presented using function or nature as selected by management. If function is selected then specific material nature amounts should be disclosed in the notes to the financial statements as well. We believe this approach adequately provides the appropriate level of decision useful information in the statement of comprehensive income.

17. Paragraph 3.55 proposes that an entity should allocate and present income taxes within the statement of comprehensive income in accordance with existing requirements (see paragraphs 3.56–3.62). To which sections and categories, if any, should an entity

allocate income taxes in order to provide information that is decision-useful to users? Please explain.

We agree with the proposal that an entity should allocate and present income taxes within the statement of comprehensive income using existing standards rather than requiring allocation of taxes to the sections/categories. We believe that allocating taxes to the sections/categories would make the statements onerous and the allocations would be very difficult to determine in practice.

19. Paragraph 3.75 proposes that an entity should use a direct method of presenting cash flows in the statement of cash flows.

(a) Would a direct method of presenting operating cash flows provide information that is decision-useful?

We do not agree that the direct cash flow method provides information that is more decision useful than the indirect method. Specifically, we do not believe that the timing of cash receipts/payments is reflective of an entity's underlying operations. For example, we do not believe that the timing of inventory purchases is indicative of an entity's performance in the period nor does it provide useful, decision-making information about an entity's operations. Under current IFRS and US GAAP, there is the option to prepare a direct cash flow statement and it is our observation that very few entities exercise this option. We believe that if this method provided decision useful information then it would be more widely used.

We also question whether a large, complex multi-dimensional entity would be able to produce a direct cash flow statement in practice given the use of centralized functions such as accounts payable, accounts receivable, inventory management and cash management. If it is possible to produce in practice, we believe that the costs of preparing a direct cash flow statement far outweigh the benefits of making the statements more decision useful. In particular, producing the direct cash flow statement and the reconciliation of cash flows to comprehensive income will require a significant conversion of information systems and related business processes because producing these schedules requires data capture and reporting at the cash transaction level rather than at an aggregated level.

We believe that there could be significant additional personnel resources required on an ongoing basis to provide this level of disaggregation for large market capitalization companies with complex structures and multiple segments. This will further add to the increased costs of implementing the proposed model in practice and could challenge the timely release of financial information.

(b) Is a direct method more consistent with the proposed cohensiveness and disaggregation objectives (see paragraphs 3.75–3.80) than an indirect method? Why or why not?

We do not believe that the direct cash flow method is more consistent with the cohesiveness objective proposed in the Discussion Paper. We believe that an indirect cash flow would be equally cohesive as the line items are still presented by section and category. The only substantial difference between the two methods is the presentation of operating items at the level of cash in/cash out which we do not believe needs to be shown to facilitate the cohesiveness objective. The existing practice of disclosing changes in working capital, and the components thereof, is sufficient and practical.

Furthermore, we do believe that the direct method is more consistent with the disaggregation objective. However, as previously mentioned in question 1, we do not believe that disaggregation should be an objective of financial statement presentation.

(c) Would the information currently provided using an indirect method to present operating cash flows be provided in the proposed reconciliation schedule (see paragraphs 4.19 and 4.45)? Why or why not?

We believe that the information in the proposed reconciliation schedule exceeds the information provided in an indirect cash flow at the individual line level because of the requirement to disaggregate the information into cash, accruals, remeasurements and other items. This information is not currently provided at the individual line level on an indirect cash flow statement.

20. What costs should the boards consider related to using a direct method to present operating cash flows (see paragraphs 3.81–3.83)? Please distinguish between one-off or one-time implementation costs and ongoing application costs. How might those costs be reduced without reducing the benefits of presenting operating cash receipts and payments?

As previously noted under question 19 (a), we question the ability of a large, complex entity to produce the information required for a direct cash flow. That being said, the costs that the boards should consider to prepare a direct cash flow, which we believe would be excessive, include:

a) Information system impacts – in order to create a direct cash flow statement, many entities will require a substantial change to their underlying information and reporting systems. These costs will include business requirements analysis, system redesign and reengineering, system/data validation and testing, and ongoing technical support as the change is moved into production. These would be one-time costs generally, however, there could be ongoing costs for several periods while the implementation is reviewed and monitored.

b) Business process reengineering – costs to assess, redesign, reengineer and implement any business process and reporting changes would be required. These would be one-time costs generally, however, there could be ongoing costs for several periods while the implementation is reviewed and monitored.

c) Internal control impacts – changes to the business processes and information systems will have internal control over financial reporting (ICOFR) implications. Conversion costs will include the documenting, testing and designing of internal controls for any changes to information systems and business processes. These would be one-time costs.

d) Staffing costs – these changes will require increased resources to produce the level of detail needed for the direct cash flow statement and the related reconciliation schedule. These would be ongoing costs.

e) Training costs – as information systems and business processes change, related training of accounting and other impacted personnel will be required. In addition, the costs of re-educating investors/shareholders should be considered.

Chapter 4: Notes to financial statements

23. Paragraph 4.19 proposes that an entity should present a schedule in the notes to financial statements that reconciles cash flows to comprehensive income and disaggregates comprehensive income into four components: (a) cash received or paid other than in transactions with owners, (b) accruals other than remeasurements, (c) remeasurements that are recurring fair value changes or valuation adjustments, and (d) remeasurements that are not recurring fair value changes or valuation adjustments.

(a) Would the proposed reconciliation schedule increase users' understanding of the amount, timing and uncertainty of an entity's future cash flows? Why or why not? Please include a discussion of the costs and benefits of providing the reconciliation schedule.

We do not believe that the proposed reconciliation schedule provides additional information, not already provided in the indirect cash flow statement, to help users understand the amount, timing and uncertainty of an entity's cash flows. As mentioned previously, we believe that an indirect cash flow provides adequate information for users to make these assessments.

For comments on the costs of the reconciliation, see our comments under question 20. We believe these costs would apply to both the direct cash flow statement and the proposed reconciliation.

(b) Should changes in assets and liabilities be disaggregated into the components described in paragraph 4.19? Please explain your rationale for any component you would either add or omit.

We do not agree that the assets and liabilities should be disaggregated into these components because of the difficulty in capturing information in this manner. As previously noted in our comments on the direct cash flow method, preparation of this schedule will require transaction level data capture and reporting which will be onerous and costly for the financial statement preparer. Again, we feel that the costs outweigh the benefits in this case as it is unclear how this schedule provides any additional decision useful information.

25. Should the boards consider other alternative reconciliation formats for disaggregating information in the financial statements, such as the statement of financial position reconciliation and the statement of comprehensive income matrix described in Appendix B, paragraphs B10–B22? For example, should entities that primarily manage assets and liabilities rather than cash flows (for example, entities in the financial services industries) be required to use the statement of financial position reconciliation format rather than the proposed format that reconciles cash flows to comprehensive income? Why or why not?

As an alternative to the reconciliation format proposed in the Discussion Paper, we believe that the boards could consider a reconciliation of funds from operations (cash from operations excluding working capital changes) to the statement of comprehensive income. We believe that the information for this reconciliation would be easier for entities to produce and would reduce what we believe would be the very high costs of the direct cash flow statement. In addition, it would eliminate any distortion expected to be created by the impact of working capital fluctuations on individual operating activity line items.

26. The FASB's preliminary view is that a memo column in the reconciliation schedule could provide a way for management to draw users' attention to unusual or infrequent events or transactions that are often presented as special items in earnings reports (see paragraphs 4.48–4.52). As noted in paragraph 4.53, the IASB is not supportive of including information in the reconciliation schedule about unusual or infrequent events or transactions.

(a) Would this information be decision-useful to users in their capacity as capital providers? Why or why not?

We believe that highlighting unusual or infrequent events would provide decision useful information because users are interested in isolating these items for assessing the amount, frequency and timing of future cash flows.

(b) APB Opinion No. 30 Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, contains definitions of unusual and infrequent (repeated in paragraph 4.51). Are those definitions too restrictive? If so, what type of restrictions, if any, should be placed on information presented in this column?

We do not believe that the definitions are too restrictive. In fact, we believe that the definitions of unusual or infrequent items should be appropriately restrictive to prevent the overuse or misuse of this classification.

(c) Should an entity have the option of presenting the information in narrative format only?

Given the nature of infrequent or unusual items, we believe that it would be more useful to provide the information in a narrative format in the notes to the financial statements rather than including this type of information in the reconciliation schedule. The proposed format of the reconciliation schedule is already very comprehensive and adding this information to that schedule would be cumbersome. Furthermore, the space provided in a reconciliation schedule might not provide adequate means to appropriately describe the nature, timing and impact of an unusual or infrequent item.