
The Goldman Sachs Group, Inc. | 200 West Street | New York, NY 10282
Tel: 212-357-8437 | Fax: 212- 256-4489 | email: matthew.schroeder@gs.com

Matthew L. Schroeder
Managing Director
Global Head of Accounting Policy



September 5, 2013

Mr. Russell G. Golden
FASB Chairman
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2013-230 - Proposed Accounting Standards Update: Presentation of Financial Statements (Topic 205), Reporting Discontinued Operations

Dear Mr. Golden:

Goldman Sachs appreciates the opportunity to provide comments on the Financial Accounting Standards Board's ("FASB" or the "Board") exposure draft on the proposed Accounting Standards Update "Reporting Discontinued Operations" (the "Exposure Draft" or "Proposed Update").

We support this convergence project and more broadly the efforts by both the FASB and the International Accounting Standards Board to develop a single set of high quality, globally accepted standards when they represent an improvement to US financial reporting. The Proposed Update converges the definition and disclosure requirements for discontinued operations under the two frameworks and represents yet another step towards that goal.

Definition of Discontinued Operation and Disposition Event

We agree with the Proposed Update's amended definition of a discontinued operation. The current definition is too broad and can include consolidated entities held for investment purposes or insignificant, non-core businesses; a requirement to report these as discontinued operations could imply a change in strategic direction where none exists, and results in increased costs that are not justified.

In reviewing the proposed guidance, however, we noted that "disposition" was not defined either in the Exposure Draft or the Codification. We questioned whether discontinued operations classification was tied to loss of control or loss of significant economics. For example, assume a reporting entity sold a 49% voting interest in a subsidiary that (1) did not

result in deconsolidation and (2) represented a major line of business that generated, say, 60% of consolidated net income. Although consolidated revenues and expense would remain the same, the reporting entity would have a decrease in net income attributable to shareholders of the parent company of almost 30%.

Would such a transaction qualify for discontinued operations treatment? We believe the Proposed Update should clarify the Board's intention, and would recommend that the Board define a disposition as an event resulting in deconsolidation. A definition based on a loss of significant economics would be difficult to apply, and the condensed discontinued operations presentation of the results of operations of businesses in which the entity retained a controlling financial interest presents less information to financial statement users.

Cash Flow Disclosures

With respect to the proposed disclosures on discontinued operations, in some circumstances we would have difficulty generating the cash flow information required without expending considerable time and cost. Generating reliable information would be complicated by sales of businesses that are not housed in distinct legal entities or by significant continuing involvement in the business sold. Such information is not required for segment reporting purposes and may not be particularly relevant to financial institutions. We believe the costs to gather reliable cash flow information for many preparers will exceed the benefits, and urge the Board to eliminate this requirement. At a minimum, the Board should streamline the disclosures, eliminating the need to provide cash flows classified between operating, investing, and financing activities.

Transition

We agree with prospective application and the proposal to permit early application.

Thank you for the opportunity to provide our views. If you have any questions or would like to discuss any of these comments further, please contact me at 212-357-8437.

Sincerely,

A handwritten signature in black ink that reads "Matt Schroeder". The signature is written in a cursive, flowing style.

/s/ Matthew L. Schroeder