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Proposed Statement of Financial Accounting Concepts—*Conceptual Framework for Financial Reporting: Chapter 8: Notes to Financial Statements*

Technical Director, Board Members, and Staff:

Dell appreciates the opportunity to comment on the Proposed Statement of Financial Accounting Concepts—*Conceptual Framework for Financial Reporting: Chapter 8: Notes to Financial Statements*. We support the Board's efforts in the development of a universal framework to improve the quality of financial disclosures. In our response, we will address many of the overarching themes that were set forth by the Board in the Exposure Draft and will emphasize the concepts of relevancy and materiality as the foundation for disclosures. We would like to note that our opinions and viewpoints have not materially changed from our response to the 2012 Invitation to Comment, *Disclosure Framework*. This comment letter should serve as an update and an addition to our previous submission.

The decision by the Board to approach the project of a comprehensive disclosure framework as a Concept Statement is supported by Dell. This approach is much more appropriate than having an accounting pronouncement specifically on notes to the financial statements. Rather, broad guidance can be provided in a concept statement and disclosure requirements should be incorporated in respective pronouncements. We are, however, concerned at the Board's statement that "the entity's decision process for complying with disclosure requirements will not be part of the conceptual framework and will be exposed separately in a proposed Accounting Standards Update". We believe that doing so would go against the notion that certain disclosures are more relevant to some entities than others. Entities should be able to use their judgment in determining the relevance and materiality of disclosures as it relates to them and their resource providers. One of the questions in the Exposure Draft we feel illustrates this is "Does the line item include components of different natures that could affect prospects for net cash flows differently". While this may be the case for many financial statement line items, the materiality of a single component may not justify the additional disclosure. In addition to this concern, we have reservations over certain concepts detailed in Appendix A of the Exposure Draft, which will be expressed throughout our response.

We agree with many of the concepts the Board has laid forth in the Exposure Draft as to the purpose of notes to financial statements. For example, the Board states that "the primary purpose of notes to financial statements is to supplement or further explain the information on

the face of financial statements by providing financial information relevant to existing and potential investors, lenders, and other creditors for making decisions about providing resources to the entity". The notes to the financial statements provide information that can assist resource providers in making decisions; however, it is not the only information available to them. Excessive disclosure in today's electronic environment can have the opposite effect in that additional information that is either immaterial or irrelevant can distract from information that is most helpful in decision making. Two examples the Board gives which we feel are not justified for inclusion in the notes are sensitivity analyses and the effect of alternative accounting methods. It would be burdensome to entities to provide this extraneous information. The Board indicates as such in its comment that the benefits of providing the information should justify the cost.

A concept we feel that should strongly be factored into the decision making process around the volume and content of notes is that the majority of financial statements users, or resource providers, have a base level of knowledge on financial statements and analysis. The level of detail required in the notes should be based on the premise that the user can find additional relevant information through other public sources. For example, one basic concept is that they would be aware of and have access to U.S. GAAP and Securities and Exchange Commission's rules and regulations. When there is an adoption of a new pronouncement which has impacted the company's results or there is a divergence from U.S. GAAP, we believe that footnote disclosure is necessary, however, only in the year of adoption. Some of the other items a financial statement user would be familiar with, are how line items relate to each other in the financial statements and general economic, political and regulatory factors. As such, we do not think these warrant footnote disclosures in the notes to the financials.

This Exposure Draft has carried forward the emphasis on future cash flows that was introduced in the 2012 Invitation to Comment. We believe there are many inherent issues disclosing such forward looking information. The Board states that this information "assists resource providers in the assessments of prospects for net cash inflows to the reporting entity". However, the financial statements, including notes, are to provide information as to the economic position of the company at the end of the reporting period. This is evidenced by the concept that "Information disclosed in notes or parenthetically on the face of financial statements . . . amplifies or explains information recognized in the financial statements". The resource providers should take the current information, along with any additional information available to them, to draw their own decisions on potential future occurrences.

We believe that relevant future cash flow information is more appropriately suited for the Management Discussion and Analysis ("MD&A") section of an annual report or filing. This will allow resource providers access to certain forward looking information without it being in the notes to the financial statements which should be reserved for information as of the reporting date. An example of which are commitments and contingencies that exist as of the reporting date and are therefore appropriate for the notes. We feel this is something where it would be beneficial for the Board, the Securities and Exchange Commission and the Private Company Council to work together in establishing direction. If all parties work together to establish a clear boundary between financial statements and MD&A they could decrease boilerplate disclosures while still having a uniform approach to the dissemination of information. Continual collaboration of all three parties would be ideal when establishing new standards to avoid overlap and addressing issues unique to all three.

Another factor that should be addressed when considering the inclusion of forward looking information or analyses is that these events or conclusions may never come to fruition. Including information that is hypothetical in nature could have a large adverse effect on an entity's business as a whole. One example being providers drawing erroneous conclusions and negating or delaying needed resources to the entity, causing unnecessary constraints. Additionally, since such information would not be covered by Safe Harbor provisions the possibility of legal ramifications is substantial. Safe Harbor provisions are in place for MD&A where we believe this information is more appropriately disclosed. We also believe this would constitute disclosure overload, where relevant information may be overshadowed by hypothetical information. For example, the suggestion of using a sensitivity analysis for interest rates would add a substantial amount of ambiguity to the notes. Hypothetical disclosures also run the risk of becoming boilerplate as entities try to include all possible outcomes regardless of likelihood.

We agree with the Board's concept that financial statements should include the right amount of information while being cost effective. We believe including future cash flow information in the notes would be very cost prohibitive to companies. Additionally, this type of information is difficult to audit as it is subjective in nature. For example, the suggestion that budgets and forecasts are already prepared does not take into account the fact that these would need to be audited and tailored to an external audience.

An additional concern of ours in providing future information in the notes is the fact that it would possibly put us and other entities at a competitive disadvantage among our peers. This could negatively affect our business' performance and/or cash flows and we would not be able to predict how our competitors will use this information.

The sale of long-lived assets is one example of future information illustrated by the Board in D28. The Board states "that kind of future-oriented information does not involve an assertion about uncertain events beyond management's control nor does it represent promises by management, but it does represent management's current plans." Management's evaluation of the sale of a long-lived asset does include external factors not in control by management such as the regulatory environment and an available market. The Board notes in this example that disclosure of these plans will not render them less effective, however the Board must consider that management continually evaluates several factors and should not be required to disclose unless materially affecting the direction of the business or once the long-lived asset meets the criteria of "available for sale". If the sale of this long-lived asset meets the US GAAP criteria for "available for sale" classification, such as highly probable, being marketed, and management approved, etc., it should be classified and disclosed accordingly in the financial statements. In this example we believe management evaluating the sale of a long-lived asset should not be included in the footnotes as it is not reflected in the financial statements and disclosure of the information could be harmful to the company as the plans may not be executed in the future.

Discussed in D29 in the exposure draft is the use of sensitivity analysis information. Inherent with the preparation of the financial statements is the use of estimates. While it is reasonable to

disclose significant judgments, a company should not be required to disclose the various outcomes from the different scenarios considered.

We believe the FASB should allow for flexibility in disclosures specific to that entity. As touched on earlier, many of the questions and disclosure considerations outlined in Appendix A are concerning from an overload, resource and competitive advantage standpoint. Many of these we have addressed in previous paragraphs such as if cash flows related to specific line items are subject to change as a result of changes in general economic conditions or market factors. The disclosures surrounding this information would be tremendously hypothetical in nature and would require sizeable resources to audit. Additionally, it goes against the premise that users of financial statements are generally sophisticated and would be familiar with general economic conditions or market factors and how they would be affected by them.

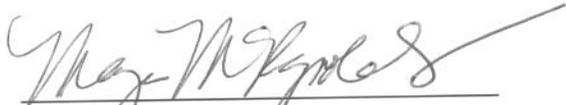
Another concept raised in Appendix A that needs to be addressed is the concept of disclosing future impacts due to transition of accounting standards issued but are not yet effective. Under the current reporting standards the impact from the adoption of a new standard is discussed in the footnotes as the impacts become more certain. We believe the current disclosure requirements are appropriate and effective. During the time prior to the effective date the company is evaluating requirements and impacts both qualitatively and quantitatively. To disclose such information in advance of adoption dates prior to an appropriate level of certainty being reached would be both cost prohibitive and potentially disadvantageous to companies. As standards are moving more towards principles-based, it will become more difficult for entities to disclose their quantitative impact prior to effective date. For example, the recently issued accounting guidance on Revenue from Contracts with Customers includes many principles that are still being evaluated by businesses, regulators, and auditors. Accordingly, it is difficult for companies to assess how this new guidance will impact their financial statements without input from these groups and the interpretation with resulting impact to preparers' financial statements will continue to develop up until the effective date.

We are supportive of many of the Board's viewpoints on interim statements. We agree that interim statements are not designed to be a full set of financial statements and therefore have unique limitations. We also agree that the notes to interim financial statements are intended to be for new material information or changes, specifically for areas of high volatility that would be useful to the resource providers. A disclosure framework should be overarching and approached holistically to consider preparers, principles-based standards, as well as interim vs annual statements.

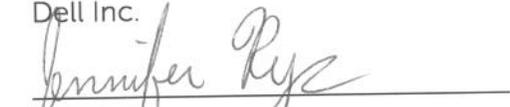
In conclusion, we are supportive of a principles-based disclosure framework in conjunction with disclosures in MD&A. We believe the framework should be flexible enough to allow for judgment in the selection of disclosures based on relevance and materiality to the entity. This should allow entities to steer away from a checklist approach to disclosures which can be both costly to entities and of mediocre usefulness to resource providers. We also hope this will cut down on disclosure overload, allowing users to focus on the relevant aspects of the financial statements. These relevant aspects are generally based on events and circumstances existing at the reporting date.

We greatly appreciate the opportunity to express our opinions and concerns on this Exposure Draft. Should you have any questions, please contact us at (512) 723-8330.

Sincerely,



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