From: Gregg Nelson [mailto:gln@us.ibm.com]
Sent: Thursday, May 28, 2015 3:12 PM
To: Director - FASB
Subject: File Reference No. 2015-240

May 28, 2015

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

(Sent via e-mail to director@fasb.org)

Re: File Reference No. 2015-240

Dear Mr. Golden:

The International Business Machines Corporation ("IBM" or "the company") appreciates the opportunity to comment on the proposed Accounting Standards Update: Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date (the "proposed ASU" or "exposure draft"), issued by the Financial Accounting Standards Board ("FASB"). The company commends the FASB for issuing the proposed ASU in response to stakeholder concerns and issues with the original effective date.

The company supports the one-year deferral of the effective date in Update 2014-09 for public business entities, certain not-for-profit entities and certain employee benefit plans. As the Board acknowledges in paragraph BC6 of the exposure draft, Update 2014-09 was issued significantly later than the Board had anticipated when it selected the effective date for the new standard. This delay critically impacted the implementation period for preparers. In addition, since the issuance of Update 2014-09, numerous interpretative issues have been raised which have led to proposed changes to the standard, again impacting the implementation plans for preparers. Overall, the deferral in the effective date will provide companies with additional time and flexibility to understand the changes in the standard, assess any new interpretive issues that may arise and develop their detailed implementation plans.

We are also supportive of the additional one-year deferral of the effective date for all other entities for the same reasons as described above. This is also consistent with the approach taken in Update 2014-09.

The company is not supportive of the optional two-year deferral for all entities that apply the guidance retrospectively to each reporting period presented. If the Board believes that certain entities need an additional year to implement the standard depending on their unique circumstances, then that option should be assessed and provided for in the standard on its own merits, without tying it to a specific choice of transition method. We would not object to a two-year deferral option if it was available to all entities under either transition method.

We are supportive of the Board's proposal to permit early adoption of Update 2014-09 as of its original effective date for public entities. Entities should be given the option to adopt on the original effective date, the one-year deferral date or the two-year deferral date (if that is included for all entities). This will give entities the ability to adopt when they are ready and will reduce the cost for those entities of delaying implementation to a later effective date. While this provision will temporarily impact comparability during the transition period, we think the benefits of early application outweigh the costs.

In addition, as we stated in our letter of March 26, 2015, we think it is critical that the FASB and the IASB remain converged on the effective dates of the new standard. Under the proposals issued by both Boards, U.S. entities will have the ability to align their implementation plans for both U.S GAAP and IFRS reporting requirements. As the Boards work towards finalizing their respective effective date proposals, we encourage maintaining this convergence.

Thank you for the opportunity to comment on the exposure draft. If you have any questions, please feel free to contact me.

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