

RUSSELL G. GOLDEN
Chairman

February 24, 2016

Ms. Nancy K. Kopp
Mr. Terry D. Warfield
Co-Chairs, Standard-Setting Process Oversight Committee
Financial Accounting Foundation
401 Merritt 7
Norwalk, CT 06856-5116

Dear Ms. Kopp and Mr. Warfield:

Response of the Financial Accounting Standards Board

The Financial Accounting Standards Board (FASB or the Board) is pleased to respond to the Financial Accounting Foundation's (the Foundation), *Post-Implementation Review (PIR) Report on FASB Statement No. 128, Earnings per Share*, dated February 2016.

The FASB continually strives to improve U.S. generally accepted accounting principles (GAAP). The Board believes that post-implementation reviews are an important feedback mechanism because they identify opportunities to improve the standard-setting process and provide insights into the effectiveness of our standards. The PIR process has provided the Board with important feedback on the benefit and costs of Statement 128 in light of actual experience with, and preparing the information for, an extended period of time.

We are pleased that the PIR team concluded that Statement 128 achieved its expected benefits because the standard resolved the issues that led to its issuance and generally provides investors with useful information. The PIR team concluded that Statement 128 improved and simplified the computation of EPS and, to a large extent, brought about greater compatibility between GAAP and International Financial Reporting Standards for EPS. The PIR team also concluded that Statement 128 did not result in any significant unanticipated consequences. Given that Statement 128 was issued over 18 years ago and the standard-setting process has changed significantly, the PIR team had no standard-setting process recommendations.

We recognize that the PIR team reported that entities with complex capital structures sometimes find it difficult to apply Statement 128. However, given the PIR team concluded that Statement 128 is understandable, can be applied as intended, and enables information to be reported reliably, the FASB does not plan to undertake a comprehensive review of Statement 128.

On behalf of the FASB, I thank the Foundation for undertaking this important process and all of the stakeholders that provided input on Statement 128 for the benefit of those that use GAAP.

Sincerely,



Russell G. Golden

cc: FAF Board of Trustees, Teresa S. Polley, Kimberley R. Petrone