

Alphabet Inc.  
1600 Amphitheatre Parkway  
Mountain View, CA 94043

November 22, 2016  
Via email

Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**Re: File Reference No. 2016-310: Proposed Accounting Standards Update,  
*Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for  
Hedging Activities***

Dear Technical Director:

Alphabet Inc. (Alphabet, or we) appreciates the opportunity to provide feedback on the Proposed Accounting Standards Update, **Targeted Improvements to Accounting for Hedging Activities** (the Proposal), exposed for comment by the Financial Accounting Standards Board (the Board).

Alphabet is a global technology leader focused on improving the ways people connect with information. Alphabet is a collection of businesses -- the largest of which is Google. We generate revenues primarily by delivering relevant, cost effective online advertising.

We support the Board's focus to increase the understandability of the economic impact of hedging programs for financial statement users while also simplifying the application of the hedge accounting requirements for financial statement issuers. Specifically, we support the removal of the hedge ineffectiveness measurement requirement and the expansion of the non-financial and interest rate risk components that may be designated as the hedged item.

In regard to Question 4 of the Proposal, we believe it would be appropriate to exclude certain missed forecasts associated with events unforeseen at the inception of the hedge relationship (e.g., natural disasters or regulatory law changes) from the pattern.

Since these events are beyond the entity's ability to reasonably predict, they should not call into question the entity's ability to forecast hedged transactions.

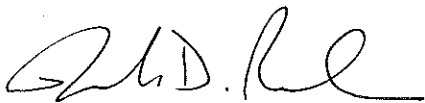
Additionally, we encourage the Board to reconsider the requirement to report the following items in the same income statement line with the hedged item (a) the changes in the fair value of the hedging instrument excluded from the assessment of effectiveness (e.g., forward points and option time value of hedging instruments) and (b) the reclassification of hedging gains/losses from accumulated other comprehensive income (AOCI) for cash flow hedges in which the forecasted transaction is no longer probable of occurring.

Time value and forward points are allowed to be excluded from the hedge effectiveness assessment and not considered as part of the hedging relationship. Further, the timing of recognition for these excluded components does not align with the recognition of the hedged item. Requiring the presentation of these items in the same line as the hedged item could be confusing to financial statement users because of the disconnected timing of recognition of the excluded components and hedged items. We believe the same considerations also apply to reclassification from AOCI of hedging effects associated with forecasted transactions not probable of occurring.

We separately present time value from our foreign exchange options designated as cash flow hedges in our other income (expense), net. We believe the current financial statement presentation provides appropriate transparency of our hedging results to our investors. Therefore, we urge the Board to allow entities to retain discretion over where to present those items not part of hedge relationships and to require the disclosure of the location of such items in the notes to the financial statement.

Thank you for your considerations of our views. We would be happy to engage in discussions with the Board.

Kind regards,

A handwritten signature in black ink, appearing to read "J.P. Paul", written in a cursive style.

Josh Paul  
Director, Technical Accounting