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July 28, 2011

The Honorable Mary L. Schapiro, Chairman  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

Re: SEC IFRS Staff Paper "Workplan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers - Exploring a Possible Method of Incorporation"

Jim Murrin  
Senior Vice President,  
Controller and Principal  
Accounting Officer  
Hewlett-Packard Company

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Dear Chairman Schapiro:

Hewlett-Packard Company is submitting this letter in response to the request of the Commission staff for feedback on the staff's paper exploring methods of incorporating IFRS into the financial reporting system for U.S. issuers. We appreciate the opportunity to comment on this very important and impactful topic.

We agree with the concept that differences between U.S. GAAP and IFRS should be minimized and that IASB and FASB should work together to develop and promote a single set of high-quality, globally accepted accounting standards.

HP is a global company with products and services available worldwide. We have operations in over 170 countries and are subject to reporting in the majority of our non-U.S. jurisdictions. Currently, regulatory reporting differences between U.S. GAAP and the financial reporting standards in those non-U.S. jurisdictions results in added complexity and cost for HP. In many situations, we are required to account for the same transaction using numerous different accounting standards. Incorporating IFRS into the U.S. financial reporting system is a critical step to influence global consistency and enable the application of global financial standards, which we expect to lead to a reduction in reporting complexity and compliance costs for companies like HP.

In addition, we believe that harmonization of U.S. GAAP and IFRS will enhance the comparability and leveragability of financial information across different countries and companies.

#### **Definitive Decision on Incorporating IFRS into the U.S. Financial Reporting System**

We respect the level of investigation and diligence that the Commission staff and U.S. standard setters have put forth to thoroughly evaluate the future direction in financial reporting for U.S. issuers. In addition, as noted above, we believe that developing and implementing a single set of high-quality, globally accepted accounting standards will significantly benefit our company. However, this journey to evaluate if and when to incorporate IFRS into the U.S. financial reporting system has spanned multiple years, and we are now very much in need of a definitive decision and clear direction.



We established an IFRS program office in 2008 to evaluate, assess and monitor the potential impacts of incorporating IFRS into the U.S. financial reporting system. We have invested significant resources, time and cost in these efforts. HP is a complex organization, and we will require ample lead time to plan for a change of this magnitude as it will significantly impact our accounting and reporting systems and processes, our business operations and our people. Any failure by the Commission to provide for adequate lead time and to establish a comprehensive implementation plan with a definitive timeline may negatively impact our ability to plan for these changes and optimally deploy our resources. Accordingly, we encourage the Commission to make a final decision and establish a comprehensive implementation plan with a definitive timeline before the end of 2011 to help facilitate a timely and cost effective transition.

### **Implementation Considerations**

#### *Option to Voluntarily Early Adopt IFRS*

While the condorsement framework described in the staff paper appears to be a reasonable implementation approach, we believe the Commission should provide certain companies with the option to voluntarily early adopt IFRS. The staff's paper proposes for consideration a phased approach spanning a period of five to seven years for the incorporation of IFRS into the financial reporting system for U.S. issuers. We acknowledge that this phased approach would benefit certain registrants. However, large companies with a significant international presence and integrated IT systems and process might benefit from adopting IFRS in a more expeditious manner. For example, early adoption may enable those companies to realize cost savings from the elimination of dual sets of accounting records in non-U.S. jurisdictions that have adopted or will be adopting. In addition, optional early adoption does not appear to be unreasonable or overly burdensome on the Commission given that non-U.S. registrants have been permitted to file financial statements prepared based on IFRS since December 2007.

#### *Deferred Adoption of IFRSs Subject to Revision by the IASB*

The staff's paper proposes that IFRSs that are to be subject to standard setting by the IASB in the near-term (category 2) be excluded from initial adoption and be considered by the FASB after the standard setting is complete. We acknowledge that this approach would benefit registrants by avoiding a dual adoption effort for IFRSs that are subject to change in the near term. However, we also note that the process of financial standard setting frequently extends well beyond the established timeline for final decisions. Consequently, we are concerned that excluding IFRSs that do not have a fixed and committed timeline for revision by the IASB may prolong the complete transition to a single set of high-quality, globally accepted accounting standards. Accordingly, we recommend a thorough review and evaluation of any IFRSs that are to be excluded from initial adoption.

#### *Prospective Application of IFRSs*

The staff's paper details a transition plan for IFRSs not subject to current standard setting that would allow for prospective application of the standards whenever possible. The paper also outlines various approaches for evaluating each individual IFRS standard and prescribing a method for prospective application, where appropriate, so as to avoid full retrospective application. We understand the need for retrospective application when it results in significantly better comparability and reliability of the financial statements. However, retrospective application is often a very costly and time consuming exercise. We therefore ask that the Commission keep both the benefits and the costs of retrospective application in mind when identifying standards where prospective application is appropriate.



In summary, as noted above, we encourage the Commission to make a final decision on whether to incorporate IFRS into the U.S. financial reporting system before the end of 2011. If the Commission does decide to incorporate IFRS, we encourage the Commission to publish a comprehensive implementation plan and a definitive timeline before the end of 2011 as well. In addition, we ask that the Commission take the considerations discussed above into account as it develops that implementation plan and establishes that timeline.

If you have any questions regarding our views, please feel free to contact me at [jim.murrin@hp.com](mailto:jim.murrin@hp.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Murrin', written over a light blue horizontal line.

Jim Murrin  
Hewlett-Packard Company  
Senior Vice President, Controller, and Principal Accounting Officer