



Letter of Comment No: 41
File Reference: 1205-001

October 28, 2005

Technical Director
File Reference No. 1205-001
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Statement of Financial Accounting Standards, *Consolidated Financial Statements, Including Accounting and Reporting of Noncontrolling Interests in Subsidiaries, a replacement of ARB No. 51*

ICU Medical, Inc. is pleased to present its comments on the proposed Statement of Financial Accounting Standards. We are a developer and manufacturer of disposable medical devices. We have been public since 1992.

We support the proposed statement, but object to certain aspects of the proposed accounting for minority interests.

Questions 1 and 2:

While we do not agree that the noncontrolling interest is part of the equity of the consolidated entity, because it represents a different ownership interest, we do not object to including it as part of the equity of the consolidated entity because it is not a liability.

Question 3:

We agree with the proposal to attribute net income and loss and each component of comprehensive income to the controlling and noncontrolling interests, except that we do not agree that losses that exceed the noncontrolling interest in the subsidiary's equity should be attributed to the noncontrolling interest unless the noncontrolling interest is obligated to fund those losses. The effect of attributing such losses to the noncontrolling interest is to create a quasi-asset which has no value in the equity section. While arguably attributing those losses to the controlling interests would be a departure from the "single economic entity" approach of the proposal, we believe that the departure would avoid a result that is intuitively wrong.

Question 4:

We do not agree with the Board's proposal. We do not take exception to recording the entire acquired business at its fair value, regardless of the percentage ownership obtained, as proposed in the exposure draft on business combinations, although we do take exception to recording certain gains or losses on pre-acquisition equity investments. However, later changes in ownership interests that arise in transactions with parties outside of the consolidated group create additional costs or gains or losses for the consolidated group, and should be accounted for as

such. Accordingly, if ownership interest increases at an amount different than the minority interest eliminated, there should be an adjustment to the carrying value of the subsidiary. Conversely, if ownership interest decreases at an amount different than the book value of the net equity sold, there would be a gain or loss to record in income.

Questions 5 and 6:

We agree that at the date control of a subsidiary is lost, any retained investment should be remeasured to its fair value. We do not agree that any gain or loss should be included in consolidated net income of the period, because that gain or loss has not been realized. Rather, it should be recorded in other comprehensive income. At the same time, if a loss was incurred, an assessment of whether the remaining carrying value of the retained investment is impaired, and any impairment loss should be recognized in net income.

We do not take exception to the proposed guidance for determining whether multiple arrangements should be accounted for as a single arrangement. However, we doubt that it will prove sufficiently comprehensive to deal with all situations.

Question 7:

We agree with the Board's proposal on earnings per share.

Question 8:

We agree that amounts of net income and comprehensive income attributable to controlling interests and noncontrolling interests should be required. However, we believe that including it on the face of the consolidated financial statements will create confusion as to which number is "net income." We would therefore prefer that presentation on the face of the consolidated financial statements be prohibited, and that it be included only in a separate schedule or in the notes to the consolidated financial statements.

Question 9:

We agree with the proposed disclosures as long as they are not on the face of the consolidated income statement (See response to Question 8). We point out that the proposed disclosures can be lengthy and cumbersome, and are better presented in a separate schedule or in the notes to the consolidated financial statements.

Question 10:

We do not agree that a reconciliation of the changes in noncontrolling interest should be required. The information does not appear to be particularly useful.

Question 11:

While we agree that any material transactions between controlling and noncontrolling interests should be disclosed, we do not agree that a separate schedule should be required. The method of presentation of the disclosures is better left to the discretion of the preparer of the consolidated financial statements.

Question 12:

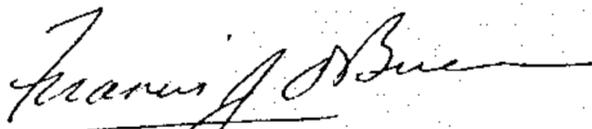
We agree that disclosure of any gain or loss on loss of control of a subsidiary should be required.

Question 13:

We do not take exception to the proposed transition requirements.

We would be pleased to discuss our comments with the Board or its staff.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Francis J. O'Brien", written in black ink.

Francis J. O'Brien
Chief Financial Officer