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January 22, 2009

Mr. Russell Golden Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO.

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Re: File Reference: Proposed FSP FAS 144-d

Dear Mr. Golden:

Forest City Enterprises, Inc. is a publicly traded real estate corporation headquartered in Cleveland, Ohio with over \$10 billion in total assets. We principally engage in the ownership, development, management and acquisition of commercial and residential real estate and land throughout the United States.

We appreciate the opportunity to respond to the request from the Financial Accounting Standards Board (FASB or Board) for comment on the proposed FASB Staff Position No. FAS 144-d Amending the Criteria for Reporting a Discontinued Operation (the "proposed Statement").

Forest City Enterprises, Inc. is an active member in the National Association of Real Estate Investment Trusts (NAREIT). NAREIT will be responding to the proposed Statement through a comment letter submitted on behalf of the Real Estate Equities Securitization Alliance. We would like to take this opportunity to support the views expressed in the NAREIT letter as well as stress certain matters we view as being of particular concern to our Company.

Our History of Discontinued Operations Since Adoption of SFAS No. 144

Since the adoption of Statement of Financial Accounting Standards No. 144 (SFAS No. 144) in fiscal year 2002 through the date of this letter, we have disposed of a total of 43 operating properties: 32 properties accounted for under full consolidation and meeting the definition of a component of an entity and 11 properties accounted for under the equity method of accounting and therefore not subject to the provisions of SFAS No. 144. Like many others in the real estate industry, we view property sales as a key source of liquidity because we are able to reinvest the proceeds to fund our development pipeline, which has been and continues to be critical to our growth. None of these 43 property dispositions represented a "strategic shift" in the Company's operations. We believe the costs of having had to reclassify our financial information for each of the 32 property dispositions that were subject to the provisions of SFAS No. 144 have outweighed the benefits derived by the users of our financial statements.

Converged Definition of a Discontinued Operation

We support the Board's objective to define when a component of an entity should be reported in the discontinued operations section of the income statement; however, we are concerned that the proposed definition of a discontinued operation as a component of an entity that is an *operating segment* is too broad and open to interpretation.

We believe that the converged definition of a discontinued operation should refer to reportable segments rather than operating segments. We believe that an operating segment, as defined pursuant to SFAS No. 131 Disclosures about Segments of an Enterprise and Related Information (SFAS No. 131), can be based on many different criteria. In our industry, an operating segment can be based on many factors, such as property type, property sector, geographic location, organizational structure, etc. Per paragraph A2a of the proposed Statement, it appears to be the Board's intent that a discontinued operation be classified as such when a disposal activity results in a strategic shift in that company's operations. Based on how an operating segment is defined, it may or may not represent a strategic shift in operations. For example, disposition of an operating segment based on product type would most likely be a strategic shift in operations, but disposition of an operating segment based on a company's organizational structure may not. As a result, there will continue to be inconsistent application of when a disposal activity should be reported as a discontinued operation.

Further, per Appendix A of the proposed Statement, the Board decided to use operating segments as the criterion for determining whether a component of an entity would be reported as discontinued operations because SFAS No. 131 and IFRS 8, Operating Segments (IFRS 8) share a common definition of an operating segment. However, this common definition may not provide for consistent application. For example, we believe two entities in the same industry with an identical fact pattern applying this definition may result in dissimilar operating segments. In contrast, SFAS 131 and IFRS 8 provide a common definition of the quantitative thresholds of a reportable segment that is not subject to interpretation. Therefore, it is our belief that using reportable segments as the criterion for determining discontinued operations would provide for more consistent reporting.

Although SFAS 131 provides for quantitative thresholds, it also provides that a company may present segments that fall below the quantitative thresholds. This is consistent with having a modified management approach in that management can report on segments that are below the thresholds but are viewed as being significant to how management evaluates the entity's operations. As a result, the disposition of a reportable segment would, in virtually all cases, clearly represent a strategic shift in a company's operations. Therefore, we strongly believe that only the disposition of a reportable segment should be reported in the discontinued operations section of the income statement. For example, during fiscal year 2004, the Company disposed of the Lumber Trading Group, a lumber wholesaler, which was a reportable segment under SFAS 131 and its disposition represented a strategic shift in the Company's operations. The disposition of Lumber Trading Group supports our belief that the disposition of a reportable segment will always represent a strategic shift in operations.

Additionally, the use of a modified management approach in SFAS 131 acknowledges that having to report on each *operating segment* may not be useful to readers of external financial statement and it also may be cumbersome for an enterprise to present. We believe that if reporting on each individual *operating segment* may not be useful to readers, then reporting on the disposition of an individual *operating segment* may also not be useful to readers.

Definition of an Operating Segment

In the event the Board concludes that discontinued operations should be defined at the operating segment level, we suggest that the Board acknowledge in the proposed statement that there may be "reporting units" below the level of operating segments. "Reporting units" are defined in paragraph 30 of FAS 142 Goodwill and Other Intangible Assets as an operating segment or one level below an operating segment or a component. A component is a reporting unit if it constitutes a business for which discrete financial information is available and management regularly reviews the component's operating results.

We believe the distinction between a "reporting unit" and an "operating segment" is based on the level of management that regularly reviews each. If the operating results of a component are regularly reviewed by a company's chief operating decision maker(s), that component would meet the definition of an operating segment. If, however, the operating results of a component are typically reviewed by a segment manager and only clevated to the level of the chief operating decision maker in times of concern then it would appear that the component is a reporting unit and it should be considered a level below the operating segment level. We believe making this distinction in the proposed Statement would be beneficial upon final interpretation.

Enhanced Disclosure Requirements

We support the Board's proposed enhancement of disclosure requirements of Statement No. 144 for all components of an entity that have been disposed of or are classified as held for sale regardless of whether a component of an entity is reported in the income statement as a discontinued operation or within continuing operations. The required disclosures would provide the financial statement users the necessary financial information to understand the impact of dispositions on the operating results for all periods presented.

Calculation of Income Tax Expense (Benefit)

We do not believe the calculation or disclosure of income tax expense (benefit) for components of an entity included in continuing operations that have been disposed of or are classified as held for sale enhances the financial statement users understanding or provides useful information about operating earnings and cash flows and therefore agree with the Board and its proposed exclusion of this information.

Effective Date and Transition

We agree with the effective date of fiscal years beginning after December 15, 2009, and interim periods within those fiscal years for the proposed changes. The effective date gives filers time to prepare and gain an understanding of the overall impact this proposed statement will have on financial statements. We also agree that applying these changes retrospectively provides more accurate and useful information to users of financial statements.

We thank the Board for its consideration of our recommendations and would be pleased to discuss any issues in more detail with the Board or staff at your convenience. If you have any questions regarding the positions outlined in this response letter, please contact the undersigned at (216) 416-3318.

Sincerely,

Charles D. Obert

Vice President and Corporate Controller

Forest City Enterprises, Inc.