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September 20, 2010

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Rovi Corporation is a publicly traded technology company (NASDAQ ticker symbol: ROVI) with worldwide operations and a market capitalization of approximately \$4.5 billion. Rovi Corporation appreciates the opportunity to comment on the FASB's Proposed Accounting Standards Update, Contingencies (Topic 450): *Disclosure of Certain Loss Contingencies* (the "Exposure Draft").

We support the FASB's efforts to provide investors and other users of financial statements disclosures that would assist them in assessing the future impact of loss contingencies. We recognize that due to the complexities of loss contingencies, financial statement users may sometimes have difficulty understanding the nature and potential magnitude of such contingencies. However, we believe much of the complexity is due to the inherent unpredictability of loss contingencies, and thus the difficulty in estimating their magnitudes and likely outcomes, and not necessarily due to a lack of current disclosure requirements. We believe the current Exposure Draft requires companies to disclose highly confidential and prejudicial information that would likely increase companies' litigation exposure and potentially harm their competitive position, therefore ultimately reducing shareholder value.

That said, the FASB is proposing the additional disclosures in the Exposure Draft because "[i]nvestors and other users of financial reporting have expressed concerns that disclosures about loss contingencies under the existing guidance on contingencies in Topic 450 do not provide adequate and timely information to assist them in assessing the likelihood, timing, and magnitude of future cash outflows associated with loss contingencies." As such, we have discussed the additional disclosure requirements

proposed in the Exposure Draft with representatives of our top investors (which includes The Capital Group, Fidelity, T. Rowe Price, Invesco, Wellington Management, Putnam Investments, and Neuberger Berman), as well as the 15 analysts who cover our Company.

The investors surveyed, as well as the analysts who cover our Company, all applaud the FASB's intent to "...broaden the current disclosure requirements to provide adequate and timely information to assist users in assessing the likelihood, potential magnitude, and potential timing (if known) of future cash outflows associated with loss contingencies." However, they all told us that they believe that the FASB's proposal that public companies provide tabular reconciliations of recognized (accrued) loss contingencies could be detrimental to the companies they invest in or cover and should therefore be eliminated from the final pronouncement.

The Company's concerns with the Exposure Draft include the tabular reconciliations of recognized (accrued) loss contingencies, as well as the disclosure of remote loss contingencies and the proposed effective date. We further address each of our concerns, along with the concerns shared with us by users of our financial statements, below.

Tabular Rollforward of Loss Accruals

The exposure draft requires companies to disclose at every interim and annual reporting period, a tabular reconciliation of recognized (accrued) loss contingencies by "class". The tabular reconciliation, or roll forward, of recognized (accrued) loss contingencies would include (a) carrying amounts of the accruals at the beginning and end of the period, (b) amount accrued during the period for new loss contingencies, (c) increases for changes in estimates for loss contingencies recognized in prior periods, (d) decrease for changes in estimates for loss contingencies recognized in prior periods, and (d) decreases for cash payments or other forms of settlements during the period.

We believe the disclosure of the above information would often put companies at a disadvantage during litigation, provide plaintiffs with a roadmap of a company's assessment of the litigation and create opportunity for the adverse party to claim waiver of attorney-client privilege and work product. These disclosures would frequently allow plaintiffs to determine (i) if an accrual has been made for their case, and thereby informing the plaintiff that the company believes a loss is probable; (b) informing the plaintiff of the amount the company is willing to settle for, and thereby setting a floor for any settlement negotiations; and (c) revealing on a quarterly basis the company's assessment of the litigation. Such assessment likely would reflect privileged communications from attorneys, as well as their work product, and the analysis for the assessment could therefore be sought in the litigation.

The Exposure Draft attempts to protect this prejudicial information by allowing companies to aggregate accruals of similar "type or class" in the tabular reconciliation. However, in many cases the aggregation criteria will not accomplish this. We are keenly aware of this as we are a technology company which often finds itself involved in intellectual property litigation. It is common for a company to have only one case related to a certain type of litigation or one case within a class of litigation for which it is

apparent that a reserve might be appropriate. In this example, not only would the amount accrued be obvious to the plaintiff, but changes to the accrual would be readily apparent on a quarterly basis. As another example, even if a company has many cases for which accruals have been aggregated, due to the quarterly rollforward requirements, a plaintiff will still often be able to associate significant developments in their case with changes in the company's accruals. Additionally, a large increase or decline in the accrual due to a reported settlement could impact negotiations with remaining plaintiffs with similar cases.

Under current accounting requirements, companies are only required to disclose the amount of an accrual for a litigation contingency in circumstances in which disclosure of the accrual is necessary in order to prevent the financial statements from being misleading. We believe the requirements for public companies under Securities and Exchange Commission Regulation S-X 5-02.20 are appropriate for addressing when the amount of an accrual for a loss contingency needs to be separately disclosed. We believe the existing requirements appropriately balance the need to provide users of financial statements with information to keep the financial statements from being misleading, while also protecting prejudicial information that will likely only benefit plaintiffs and not other users of financial statements. We therefore strongly suggest removing the requirement for the tabular reconciliation.

Every investor we surveyed, as well as our analysts, told us they agreed with us. They told us they believe the potential damage to the company outweighs any perceived benefit to them as readers of financial statements. As one investor commented to us, "This disclosure turns management's assessment of the likely amount their company would pay for a matter the company is still contesting, into the inevitable minimum payment the Company will have to pay to settle the matter." As this investor, and others. pointed out to us, if the Company has accrued an amount for this matter, they do not need to know how much that specifically is. They can assess our ability to make the payment, as well as the payment of our other liabilities, by looking at other disclosures in our periodic public filings including our balance sheet, cash flow statement, our disclosures on liquidity, and such. What they as a group would like to see, and support in this Exposure Draft, are qualitative non-prejudicial disclosures, not prejudicial, and potentially punitive, quantitative disclosures. We, the investors we surveyed, and the analysts who cover us, ask the FASB to think about what positive benefit such disclosure could have in comparison to the damage this disclosure could do. As a person with whom we spoke commented to us, "Why would I be interested in such a disclosure when it would increase the likelihood of something being paid out, likely accelerate such payment and undoubtedly increase the amount the company would ultimately pay?"

However, if the FASB determines to retain the tabular reconciliation requirement in the final standard, we suggest that the table only be required on an annual basis and the disaggregation criteria be eliminated. We also suggest that a prejudicial exemption be included in the final standard. This would allow companies to take a principles based approach to the disclosure and avoid disclosing prejudicial information in circumstances in which they have a limited number of cases. If the FASB determines to retain the tabular reconciliation requirement in the final standard, we respectfully disagree with the assertion "...that an explicit exemption from disclosing information that is "prejudicial"

to the reporting entity is not necessary because the amendments in this proposed Update would... [n]ot require any new disclosures based on management's predictions about a contingency's resolution...." In fact, the reconciliation requirement is a new disclosure and potentially a very harmful disclosure to the company's interest in the related litigation.

Disclosure of Remote Loss Contingencies

The Exposure Draft requires companies to disclose information about remote loss contingencies that have the potential to have a "severe" impact on the Company. We believe the remote concept is inconsistent with other disclosure thresholds and materiality standards. We also question whether disclosure of matters in which management has determined a loss to be remote will provide any value to users of financial statements. On the contrary, we believe disclosure of remote loss contingencies could be misleading to financial statements users as they may interpret such disclosure as indicating the probability of loss is greater than it is. We also believe that inclusion of this information could distract users of financial statements from matters in which a loss is probable or reasonably possible and is inconsistent with the objective of providing financial statement users with information in a clear and concise manner useful for making an investment decision. While a couple of our investors and analysts disagreed with us about this disclosure, and would like to see such disclosure made, the vast majority of those surveyed agreed with us. The consensus sentiment was that there was already a tremendous amount of disclosures to wade through and determine what was meaningful for their models without adding disclosures "...about matters that did not matter."

Assessing the Materiality of Loss Contingencies

The Exposure Draft requires companies, when assessing the materiality of loss contingencies to determine whether disclosure is required, to disregard the possibility of recoveries from insurance or other indemnification arrangements. Many of the investors and analysts surveyed liked this proposal. They agree with the FASB that the probability of recovery under insurance or other indemnification arrangements should not result in companies failing to disclose possible loss contingencies. They would like to be aware of both the potential loss and the potential insurance recovery. As one analyst told us, "I would like to know about such matters, as there may be an underlying problem with a general business practice that I should be aware of."

Effective Date

We are concerned with the proposed effective date of fiscal years ending after December 15, 2010, as the issuance of the final standard is likely to occur late in the fourth quarter of 2010. We believe an effective date of fiscal years ending after December 15, 2011, would leave preparers with adequate time to assess and gather the significant additional information required by the Exposure Draft as currently written.

In summary, while Rovi Corporation supports the goal of providing users of financial statements with meaningful disclosures, we believe the potential adverse consequences of the certain proposed disclosures in the Exposure Draft, discussed above,

far exceed any benefit users of financial statements may receive. We believe the current disclosure requirements of ASC Topic 450 appropriately balance the needs of all stakeholders. If the FASB believes otherwise, then we ask that the FASB, at a minimum, eliminate both the requirement to provide tabular reconciliations of recognized (accrued) loss contingencies and to disclose certain remote loss contingencies and defer the effective date.

Sincerely,

James Budge

Chief Financial Officer

Stephen Yu

General Counsel

Peter C. Halt

Chief Accounting Officer