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June 6, 2011

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

Via email: director@fasb.org

Re: File Reference No. 2011-180: Proposed Accounting Standards Update, “*Intangibles – Goodwill and Other; Testing Goodwill for Impairment*”

Dear Mr. Golden:

Eli Lilly and Company appreciates the opportunity to comment on the Financial Accounting Standards Board’s (FASB’s) Proposed Accounting Standards Update, “Intangibles – Goodwill and Other”. Eli Lilly is a large, multinational company that creates and delivers innovative medicines that enable people to live longer, healthier, more active lives.

We support the FASB’s desire to reduce unnecessary costs related to the testing of goodwill for impairment when it is clear that there is limited risk of impairment. We believe that there are opportunities to further improve any updates to the accounting standard on impairment of goodwill and other intangible assets.

We would like to address the FASB’s specific questions posed to preparers in the proposed ASU as well as provide supplemental input.

Question 2: For preparers, do you believe that the proposed amendments will reduce overall costs and complexity compared with existing guidance? If not, please explain why?

We believe that the proposed ASU will reduce both cost and complexity for preparers. The addition of a qualitative review to goodwill impairment will allow companies to exercise professional judgment based on objective evidence to determine if a further analysis is required subject to the guidelines in the proposed ASU. We also believe that the standard will reduce unnecessary time spent by auditors reviewing work papers when impairment is not a likely outcome.

Question 3: For preparers, do you expect your entity will choose to perform the qualitative assessment proposed in the amendments, or will your entity chose to proceed directly to performing the first step of the two-step impairment test? Please explain.

Yes, we expect to utilize the option of the qualitative approach for the initial step of impairment testing. We believe that we can utilize internal resources to gather the appropriate information to enable us to make an informed decision regarding the more likely than not criteria.

Question 6: Do you agree that the proposed examples of events and circumstances to be assessed are adequate? If not, what changes do you suggest?

We believe that the examples provided are an improvement over the current guidance regarding indicators of impairment. The examples provided are sufficient to allow companies an opportunity to review situations which would likely lead to an impairment.

Question 7: Do you agree that the guidance in the proposed amendments about how an entity should assess relevant events or circumstances is clear? If not, how can the guidance be improved?

We agree with the proposed guidance as written. We believe that the Board's guidance leaves appropriate room for judgment while not increasing risk.

Question 8: Do you agree with the Board's decision to make the proposed amendments applicable to both public entities and nonpublic entities? If not, please explain why.

We agree with the Board's proposal to make the amendments applicable to both public and nonpublic entities. We believe that the proposal provides cost savings without increasing financial reporting risk to public companies.

Question 9: Do you agree with the proposed effective date provisions? If not, please explain why.

Given the option of early adoption provided in the proposal, we support the effective date provisions. Yet, we would propose that the Board's proposed effective date of fiscal year ends *beginning* after December 15, 2011 be changed to fiscal year ends *ending* after December 15, 2011. We would suggest this change in proposed timing due to the cost savings associated with this proposal. We believe that the proposed changes will have broad application among companies and the proposal allows entities to proceed to step one if desired. This change in timing would have all companies following the same guidance and would maintain consistency among reporting entities.

We would like to offer further comments on the proposed ASU where we believe that further improvements can be made.

Divergence with IFRS

While our preference is to only make changes to GAAP guidance to maintain or enhance convergence with IFRS, we welcome the attempt to make this proposal operational. We encourage the FASB to share the feedback received with the IASB to encourage that board to make similar changes to IFRS.

Lack of alignment for impairment indicators for other intangible assets

While fully supporting the proposed changes, we believe that the FASB could use this opportunity to apply this same guidance to indefinite-lived intangible assets. The expansion of the provided examples and the more likely than not criteria to other intangibles would offer cost savings to many companies. Also, the elimination of the carry forward language, while seldom used, increases the cost of analysis on indefinite lived intangibles. At a minimum, we request that this language be reinserted into the proposed ASU. This guidance is not contrary to other sections of the proposed ASU and offers cost savings when compared to a full impairment review.

Summary

We believe the proposed ASU is an improvement on current GAAP and focuses appropriately on principles. The proposed ASU offers cost savings while minimally increasing risk and appropriately balancing both objectives.

We appreciate the opportunity to express our views and concerns regarding the proposed ASU. If you have any questions regarding our response, or would like to discuss our comments further, please call me at (317) 276-2024.

Sincerely,

s/Arnold C. Hanish
Vice President, Finance
and Chief Accounting Officer