

Technical Director
File Reference No. 2011-180
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

June 2, 2011

Dear Sir/Madam:

Time Warner Cable, Inc. (“TWC”) is pleased to offer its comments on the Financial Accounting Standards Board’s (“FASB”) draft standard on testing goodwill for impairment, which is presented in the proposed accounting standards update, *Intangibles-Goodwill and Other (Topic 350)* (the “Exposure Draft”). TWC is the second-largest cable operator in the U.S., with technologically advanced, well clustered systems located mainly in five geographic areas – New York State (including New York City), the Carolinas, Ohio, southern California (including Los Angeles) and Texas. TWC offers video, high-speed data and voice services over its broadband cable systems to residential and commercial customers. For its latest fiscal year ended December 31, 2010, TWC had total revenues of \$18.868 billion. TWC is a public registrant whose common stock is principally traded on the New York Stock Exchange under the symbol: TWC.

We are supportive of the FASB’s goal of reducing the cost and complexity of performing the first step of the two step goodwill impairment test required under *Topic 350, Intangibles-Goodwill and Other* (“Topic 350”) by permitting an entity to assess qualitative factors in determining whether completion of step 1 is required. However, we disagree with the FASB’s decision not to extend its project to address how entities test indefinite-lived intangible assets for impairment. We believe that extending a qualitative assessment of impairment indicators to indefinite-lived intangible assets would eliminate the need for unnecessarily complex and costly annual valuations in situations where it is unlikely that an impairment has occurred, while, at the same time, ensuring that assets that are more likely than not to be impaired are adequately identified and tested through a quantitative analysis. Our beliefs are discussed in more detailed below.

Reduction in cost and complexity

We agree with the FASB’s observations in paragraph BC29 of the Exposure Draft that, in practice, the annual costs of performing step 1 of the goodwill impairment test did not decline in the years subsequent to the adoption of FAS 142, as the FASB had originally believed. However, the costs of performing the annual impairment testing of indefinite-lived intangible assets also did not decline in subsequent years. In fact, we have observed that our annual costs of testing indefinite-lived intangible assets (cable franchise rights) including employee hours, involvement of valuation firms, and the level of audit efforts are far higher than the costs of performing step 1 of the goodwill impairment test. In our experience, such costs are significantly higher because the valuation of our indefinite-lived intangible assets is far more complex than the valuation of our reporting units. While both assets are tested using discounted cash-flow models, the cash-flows associated with the testing of a reporting unit are based upon budgets and long-range forecasts that are prepared in the normal course of business and, therefore, are readily available. In contrast, the cash-flows attributable to the indefinite-lived intangible assets are not prepared for ordinary course business purposes and must be developed from scratch. The process of estimating cash flows for indefinite-lived intangible assets is complex because such assets generally do not generate cash flows by themselves (i.e., they are individual assets that generate cash flows when combined with other assets of a business). Therefore, only a portion of the overall forecasted cash-flows of the business is ascribed to the indefinite-lived intangible assets. The process of identifying the portion of the cash-flows related solely to the indefinite-lived intangible asset is complex and time consuming and involves significant estimates and assumptions, including the assignment of cash-flows to other assets used in the business (e.g., fixed assets, assemble workforce, customer relationships). We believe that this high

level of complexity likely exists with the valuation of many of the indefinite-lived intangible assets recorded by other companies. As such, we believe that TWC, as well as other entities with significant non-amortizing intangible assets, could prudently reduce costs and complexity of preparing a formal quantitative valuation of their indefinite-lived intangible assets when qualitative factors indicate that an impairment is unlikely (i.e., an impairment is not “more likely than not” to have occurred).

Qualitative criteria are equally relevant to indefinite-lived intangible assets

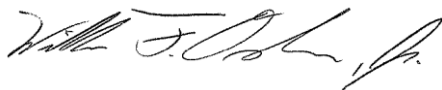
We believe that in many instances, the qualitative facts and circumstances leading to a change in the value of an entity’s reporting units would also lead to a change in the value of the entity’s indefinite-lived intangible assets. This is especially true in instances where the indefinite-lived intangible asset is fundamental to the operations of the entity (e.g., cable franchise rights, broadcast licenses, wireless spectrum rights). Therefore, we believe that the qualitative impairment factors listed in the Exposure Draft, including changes in the macro-economic environment, industry and market environment, cost factors, financial performance and other entity-specific events, could also be applied to indefinite-lived intangible assets. Further, we believe that the Exposure Draft could be modified to include additional qualitative factors that are specific to an entity’s indefinite-lived intangible assets that would identify situations where a more-likely-than-not impairment of an entity’s indefinite-lived intangible assets exists, even if such factors did not impact the value of an entity’s reporting units. As such, it is our belief that broadening a qualitative assessment to include indefinite-lived intangible assets would not result in a delay in the identification and recognition of an impairment charge related to these assets.

Inconsistency with other assets

The FASB’s stated reason for excluding indefinite-lived intangible assets from an indicators test is that the FASB has not heard issuers raising concerns about the cost and complexity of conducting annual impairment tests for such assets. However, as you are now hearing from Time Warner Cable, these concerns do exist. As a result, we see no principled basis on which to apply qualitative assessment for one class of assets but not the other. Additionally, we believe that the exclusion of indefinite-lived intangible assets from a qualitative assessment will create an inconsistency with other assets that are not re-measured at fair value at each reporting period. For example, property plant and equipment, cost and equity-method investments and amortizing intangible assets are all subject to a qualitative assessment of impairment indicators. If the amendments included in the Exposure Draft become effective in their current form then goodwill will include a qualitative assessment as well. We see no reason why the same level of professional judgment that is provided in determining the impairment of other assets cannot be applied in determining whether there is an impairment of indefinite-lived intangible assets.

We appreciate the opportunity to provide comments to the Exposure Draft.

Sincerely,



William F. Osbourn, Jr.
Senior Vice President, Chief Accounting Office and Controller
Time Warner Cable