October 30, 2009

Technical Director
File Reference No. EITF0902
FASB, R01 Merritt 7
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Re: File Reference No. EITF0902

SanDisk Corporation ("SanDisk" or “We”) appreciates the opportunity to provide our views on the Proposed Accounting Standards Update: Research and Development (Topic 730) – Research and Development Assets Acquired and Contingent Consideration Issued in an Asset Acquisition. Our comments on the three specific Questions for Respondents are below.

Question 1: Do you agree that the cost of acquired tangible and intangible research and development assets acquired in an asset acquisition should be capitalized, regardless of whether they have a future alternative use? Why or why not?

We believe that acquired tangible and intangible research and development assets acquired in an asset acquisition should be capitalized only when they have a future alternative use.

Using a threshold of “future alternative use” for an acquired intangible technology asset helps determine the substance and stage of development of the technology. The license or purchase of early stage patents or pre-product conceptualization technology often lacks the substance of technology further along in the design lifecycle. As a result, using a general rule to capitalize all acquired intangible research and development assets acquired in an asset acquisition should not be the only approach. Rather, the concept of a “future alternative use” threshold helps determine and put into practice the determination of whether the acquired intangible technology has substance to be capitalized or expensed upon acquisition and this threshold should be retained.

We believe the current industry practice as indicated in the former CON 6 and the AICPA IPR&D Practice Aid, Assets Acquired in a Business Combination to Be Used in Research and Development Activities: A Focus on Software, Electronic Devices, and Pharmaceutical Industries, continues to be relevant. Specifically, the probability of “future alternative use” should be reasonably expected in order to capitalize an acquired tangible or intangible research and development assets in an asset acquisition. The definition of reasonably expected should continue to be interpreted as a slightly greater than a 50% chance of occurring.

We note that other accounting literature such as the FIN 48 and FAS 5 require the use of a probability method to recognize liabilities. Judgment is required to make a determination before an asset or liability can be recorded. The current proposed rule would not include any determination of judgment in recording an asset and the elimination of any threshold appears inconsistent with other recent guidance from the FASB.

Developing future technology and products requires a broad range of inputs from employees, materials, service providers, tangible assets and purchased or licensed intangible technology created by others. Under the
proposed guidance, there will be inconsistencies created between those companies choosing to develop technology internally and those purchasing or licensing intangible technology.

From a day to day perspective, this new accounting standard puts much more administrative burden on the preparer. Each technology purchase would require, at a minimum, quarterly and much more likely monthly analysis of the status of each development project. Each asset at the time of purchase would need to be evaluated and potentially bifurcated on a fair value basis based upon the different projects the technology acquired relates. In this current business environment, impairment analyses are often very detailed given the high level of sensitivity. The fair value models require valuation expertise and companies will incur incremental expense given that many companies do not have this valuation expertise internally. We believe capitalizing these intangible technology assets in an asset acquisition, bifurcating the technology among different potential projects, monthly or quarterly monitoring to determine when to start amortizing and additional testing for a partial or full impairment create substantial burden. In our industry, technology assets diminish over time and either expensing immediately or starting to amortize these assets immediately upon purchase makes intuitive sense. Treating intangible technology assets as indefinite lived may not be appropriate.

Question 2: Do you agree that contingent payment arrangements in an asset acquisition should not be recognized at fair value unless those arrangements are derivatives?

We agree that contingent payment arrangements in an asset acquisition should not be recognized as fair value unless derivatives. We believe the complexities and inherent challenges in fair value estimation of contingent payments including future per unit royalties do not provide additional benefit. Additionally, the expected income statement impact is more likely aligned using actual activity rather than trying to estimate at the beginning of the agreement what the potential future payout and related amortization would be.

Question 3: This proposed Update does not provide guidance for determining whether a contingent payment relates to future services or consideration for the asset acquired. Paragraph 805-10-55-25 provides guidance for determining whether payments made to the seller in a business combination after the acquisition date related to the acquisition of the business or the performance of future services by the seller. Do you believe that additional guidance is necessary for assisting in making this determination in an asset acquisition? If you believe additional guidance is necessary, please provide any factors that you believe should be considered in making this determination.

The current factors are sufficient in making a determination.

We thank you for providing us with the opportunity to provide our comments on the Proposed Accounting Standards Update. I am available to discuss these issues further at (408) 801-1856 if you have additional questions.

Sincerely,

[Signature]

Donald Robertson
Vice President and Corporate Controller
SanDisk Corporation