VIA E-MAIL

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

File Reference No. 1890-100

Re: Effective Dates and Transition Methods Discussion Paper

Dear Susan M. Cosper:

CSX Corporation (CSX) appreciates the opportunity to provide comments to the Discussion Paper, Effective Dates and Transition Methods. CSX provides comments to you based on the premise of being a large accelerated filer and preparer of financial statements prepared in accordance with U.S. GAAP. CSX, based in Jacksonville, Florida, is listed on the NYSE and is one of the nation’s leading transportation suppliers. The Company provides rail-based transportation services including traditional rail service and the transport of intermodal containers and trailers.

We commend the Financial Accounting Standards Board (FASB) for its efforts in addressing concerns regarding the time and effort that will be involved in adapting to several anticipated new accounting and reporting standards and when those standards should become effective. While we support improvements to accounting principles that enhance the transparency of financial statement disclosures, we have significant concerns regarding the high volume and timing of the proposed accounting and reporting standards. The two primary recommendations are described below:

- Transition: Limited retrospective method
- Effective date: Single date approach

Preparing for and Transitioning to the New Requirements: Obtaining and analyzing much of the information required for the new accounting and reporting standards will require a substantial amount of work on preparers, legal counsel, and independent auditors. For large companies such as CSX, compliance with these proposed standards will be costly and time consuming if timing and transition is not carefully considered. These accounting changes could have a significant impact to the companies’ strategies, budgets, and investor analysts who follow and report on the performance of the company since it will be important to properly document and disclose the potential historical impact as well as provide clarity for future trends.
Each new standard will have its own independent impact, however all will share similar costs to implement including:

- Entity-wide education and communication
- Internal resources (both preparers and external auditors) to plan, test, implement, manage and communicate the resulting impact
- Technology system changes
- Increased fees for external resources to assist through consultation and issue an audit opinion
- Legal costs related to modifying or renegotiating lease, revenue contracts or debt covenants

CSX suggests a limited retrospective (versus prospective) transition method, which would allow enhanced comparability within all industries as well as increased transparency of the change caused by adoption of the new standards and rules. We understand that limited retrospective transition will increase the work needed to be completed, however, we feel that burden is offset by the benefit the readers of our financial statements will have in understanding these potential multiple changes. We feel that the specific time and costs to apply these standards and develop the disclosures would only be increased by applying a full retrospective transition method, particularly for those proposed standards most concerning for CSX (Revenue Recognition, Leases, and Financial Statement Presentation).

Rather than calculating leases and revenue contracts as if they had always been accounted for in accordance with the proposed requirements, they should be calculated from the date of initial application which is the beginning of the first comparative period presented in the financial statements in which the entity applies this guidance. An entity shall adjust the opening balance of each affected component of equity for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had been applied from the beginning of the earliest period presented.

**Effective Dates for the New Requirements:** The Discussion Paper discusses two broad approaches to setting the effective dates of the new standards; a single date approach and a sequential date approach. We believe that a single date approach (no sooner than five years from the date of final issuance of the standards) is appropriate. The five years is to provide a sufficient amount of time for public companies to accurately and reliably implement the new requirements. These new standards will obviously create a considerable administrative burden to reporting entities. Additionally, preparers must communicate with auditors, outside counsel, internal management and their boards to establish appropriate internal control mechanisms to ensure proper application of these proposed accounting standards which includes detailed updates to systems. We believe a single date approach would eliminate the confusion of continuously updating previously reported information as new standards were rolled out. The single date method would allow for the most resources to be focused in order to efficiently implement and evaluate the impact all at once, rather than enduring the process over a number of years as the standards are introduced sequentially. A sufficient amount
of time to prepare for the proposed standards will also aid in avoiding issues that may arise after adoption.

CSX appreciates the opportunity to raise these concerns regarding the Discussion Paper, and appreciates the Board’s consideration of the comments contained in this letter. Also as an added improvement, CSX would kindly request consideration by the FASB to stay away from comment letter deadlines that coincide with the already significant amount of work that happens for most public company filings with December year ends.

We would be glad to discuss these comments further. If there is interest, I could make a trip to see you in person. Please do not hesitate to call me at (904) 359-1057. Thank you for this opportunity to comment.

Very truly yours,

Carolyn T. Sizemore
Vice President and Controller

CATS/JSM

cc: Ellen Fitzsimmons
    Oscar Munoz
    Nathan Goldman
    Melissa Mucha