January 31, 2011

VIA Email: director@fasb.org

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

Gentlemen:

RE: FASB Discussion Paper “Effective Dates and Transition Methods”
File Reference No. 1890-100

We appreciate the opportunity to comment on FASB’s Discussion Paper “Effective Dates and Transition Methods” (“Discussion Paper”). We support the idea of convergence toward a uniformed standard of financial reporting and the goal of improving financial reporting for the users of the financial statements. However, we are concerned with the number of proposed standards expected to be adopted in the near term and the complexity of each standard. The proposed standards noted in the Discussion Paper would significantly change the current accounting standards and would dramatically affect our current business processes and information systems. In order to implement the proposed standards we would need to dedicate a substantial amount of time and resources to understand and analyze the standards changes, train personnel, update stakeholders, and modify business processes and information systems. We feel that adequate lead-time of at least three years (using the prospective method) from the point a decision is made to adopt the proposed standards in the Discussion Paper until the effective date is essential to an efficient transition for preparers of financial statements. We believe that adoption of the new standards on a retrospective basis would require an additional two years (five years in total) to implement the new standards.

Comments on the Discussion Paper

We offer the following comments on the questions included in the Discussion Paper:

Question 1
Please describe the entity (or the individual) responding to this Discussion Paper. For example:

a. Please indicate whether you are primarily a preparer of financial statements, an auditor, or an investor, creditor, or other user of financial statements (such as a regulator). Please also
indicate whether you primarily prepare, use, or audit financial information prepared in accordance with U.S. GAAP, IFRSs, or both.

b. If you are a preparer of financial statements, please describe your primary business or businesses, their size (in terms of the number of employees or other relevant metric), and whether you have securities registered on a securities exchange.

c. If you are an auditor, please indicate the size of your firm and whether your practice focuses primarily on public companies, private entities, or both.

d. If you are an investor, creditor, or other user of financial statements, please describe your job function (buy side/sell side/regulator/credit analyst/lending officer), your investment perspective (long, long/short, equity, or fixed income), and the industries or sectors you specialize in, if any.

e. Please describe the degree to which each of the proposed new standards will likely affect you and the factors driving that effect (for example, preparers of financial statements might explain the frequency or materiality of the transactions to their business and investors might explain the significance of the transactions to the particular industries or sectors they follow).

We are primarily a preparer of financial statements, and prepare our financial statements in accordance with U.S. GAAP. Our shares are registered on the New York Stock Exchange (NYSE). As a global company with operations in over 40 countries, we also prepare subsidiary financial statements under IFRS and other local standards to satisfy the subsidiary’s local and/or statutory requirements.

We are a leading manufacturer of biomedical testing instrument systems, tests and supplies that simplify and automate laboratory processes. Our revenues were about $3.3 billion in 2009, and we have about 12,000 employees on a global basis. The vast majority of our revenue is generated from consumable supplies (including reagent test kits), service and operating type lease payment arrangements.

The proposed accounting standards included in the Discussion Paper will certainly affect our company and, depending on the individual standard, the impact could be minimal to significant. We are most concerned with the changes to the proposed standards related to revenue recognition and leases. The revenue recognition standard will significantly impact us since we enter into various types of long-term contracts, the majority of which are bundled arrangements with supplies and service provided over the life of the contract and which may provide for the sale of instruments for cash or under lease arrangements. Our instrument leasing contracts are treated as operating type lease ("OTL") contracts under the current rules. In total we estimate that we have over 60,000 contracts worldwide. We are primarily a lessor of instrument systems, but also enter into numerous lease arrangements as a lessee covering thousands of operating leases related to facilities,
automobiles and equipment in over 40 locations worldwide. As a result, the proposed revenue and lease standards would affect our business transactions on a day to day basis, and implementation would require significant changes to our information systems and business processes to capture and account for the transactions differently than we do today. Considering the significance to our day to day business, we believe that these changes would require significant internal and external resources to plan for and implement changes to our systems and business processes, costing millions of dollars and requiring about three years to implement on a global basis.

We are also concerned that the proposed accounting standard for financial instruments would significantly change current accounting treatment by prioritizing the use of fair value and limiting other measurements of financial instruments. We currently have available for sale investments, issued debt, short-term receivables and payables, and derivatives among other financial instruments. The proposed accounting standard related to comprehensive income will require us to present net income and other comprehensive income differently as either a single continuous statement or in two separate, but consecutive statements, but we don’t anticipate this change to require substantial resources to implement.

Although the Board has not finalized the exposure draft on financial statement presentation, we have concerns about the changes proposed in the staff’s exposure draft. The proposed changes would fundamentally change the presentation of the financial statements, significantly expand the amount of disclosures, and require us to prepare a direct statement of cash flows. Our current processes and information systems are not designed and currently do not have the capability to capture such information, so a completely new design for most transaction systems would have to be implemented globally. This would be a major undertaking, the costs of which would significantly outweigh the benefits. We also noted that the exposure draft related to financial instruments with characteristics of equity has been delayed, but based on the current decisions documented by the FASB, the proposed changes would also impact us, but perhaps not to the level of the other proposed accounting standards.

**Question 2**

*Focusing only on those proposals that have been published as Exposure Drafts (accounting for financial instruments, other comprehensive income, revenue recognition, and leases):*

a. How much time will you need to learn about each proposal, appropriately train personnel, plan for, and implement or otherwise adapt to each the new standard?

b. What are the types of costs you expect to incur in planning for and adapting to the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?

We are a multinational corporation with about 12,000 employees and operations in more than 40 countries. The ED for accounting for revenue recognition and leases each propose significant changes to the current accounting treatment. Once the standards are finalized, we would need time
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to assess the impact of the changes to our current business processes and information systems and formulate an implementation plan. Our technical accounting group would need to obtain the proper education and guidance of the finalized standards and determine the affect to our current processes and systems. This knowledge would need to be shared with the company’s key personnel, including executive management, the board of directors and the audit committee, as they will need to approve how the business processes and information systems will be changed and will need to allocate resources to develop and execute the implementation plan based on the significance of the proposed changes and required resources. To develop and execute the implementation plan, personnel in the accounting, planning, commercial operations, sales force, information technology ("IT"), internal audit and SOx departments would need to be educated and trained on the accounting changes in order to determine how to apply the changes to their specific business processes and information systems. Our implementation plan would require a global effort as all our entities would be affected by the proposed changes. We would need to dedicate a significant amount of time and resources, diverting them away from our day to day operations to focus on implementing the proposed changes in accounting.

Based on the proposed changes, we would need to assess the current state of our management information systems and work with our Enterprise Resource Planning ("ERP") vendors to modify or completely change our systems to comply with any new standards. A common theme among the proposed standards is the presentation of more financial information and disclosures for the users of the financial statements. We anticipate this will require our management information systems to be more robust in order to track, accumulate and provide the required information. The revenue recognition standard requires measurement at an earlier point in time than current standards require, and requires measurement of the value of the contract for the entire period, which is not currently required. These factors require significant changes in the design of our information systems and our business processes.

We anticipate incurring significant costs to train personnel, modify or develop information systems, travel to international entities for implementation, reassess current processes and internal controls, accumulate financial information, educate users of financial statements how the changes affect performance measures and key financial ratios, modify existing contractual agreements with banks, vendors and customers, as well as increased audit fees. We also expect that we will not have adequate capacity internally and will need to employ external resources at a considerable cost to assist with the understanding and interpretation of the finalized standards, implementation of changes and modification or purchase of new ERP system modules. We believe that these costs may range from $10 million to $20 million, but we have not yet completed a detailed analysis.

We have thousand of customers who would also incur additional costs to change their accounting for leases. To provide our customers with additional information to facilitate recording the lease element, we would likely need to change the way that we invoice customers. Our contracts are typically five years, and we would need to involve our sales team in discussions with customers about potentially changing the terms of contracts to separately invoice amounts related to the
instrument portion of bundled arrangements to better enable our customers and us to account for the
instrument element separately.

We do not believe that implementation of the EDs for financial instruments and other
comprehensive income will require significant systems changes, although additional effort will be
required, particularly for the ED for financial instruments.

Question 3
Do you foresee other effects on the broader financial reporting system arising from these new
standards? For example, will the new financial reporting requirements conflict with other
regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing
standards?

We anticipate the changes of the new standards will likely affect certain debt covenants, including
financial covenants and negative covenants, capital requirements, royalty arrangements and
employee compensation agreements. As the standards are not finalized, we have not performed a
complete assessment and therefore do not currently have a sufficient understanding of the rules to
adequately identify any such conflicts. However, based upon our knowledge at this point, we
believe that there will be significant differences between the new standards and tax reporting
requirements, and other regulatory reporting requirements.

Question 4
In the context of a broad implementation plan covering all the new requirements, do you agree with
the transition method as proposed for each project? If not, what changes would you recommend
and why? In particular, please explain the primary advantages of your recommended changes and
their affect on the cost of adapting to the new reporting requirements.

We have commented on the transition provision for the EDs related to revenue recognition and
leases and noted that we prefer a prospective approach to apply the new proposed standards.
Implementing the standards prospectively would allow companies to understand the new
requirements and apply those changes in a less costly and more efficient manner. However, if a
retrospective approach is ultimately decided, we recommend that adequate lead-time be provided so
that preparers of company financial statements will have sufficient time to implement the changes
and accumulate the necessary financial information. An advantage of the retrospective approach is
that the financial information for all the periods presented will be prepared under the same
accounting treatment. One of the disadvantages of the retrospective approach is that companies
will be required to maintain two separate ledgers during the transition period, one based on the
current accounting standards and the other based on the proposed changes, in order to provide
comparative financial data. Alternatively, companies would have to analyze prior transactions to
restate the accounting to the new standards, which we believe would require a monumental effort
considering the long-term nature of our contracts. Considering the effort involved, we believe this
is impractical at a minimum, and may be impossible. Another disadvantage of retrospectively
applying the proposed standards is that companies would likely use actual data to true up their
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assumptions of prior period financial information. Even though prior and current periods will be presented together, the prior period information will be prepared based on actual data and the current period will be based on estimates of future activity, the projected trends of which could be significantly different as a result of changes in business and economic climates. Therefore, the presented financial information may not be entirely comparative, which is the goal of retrospective application, and companies will incur substantial costs to implement the standards retroactively.

**Question 5**  
*In thinking about an overall implementation plan covering all of the standards that are the subject of this Discussion Paper:*

a. *Do you prefer the single date approach or the sequential approach? Why? What are the advantages and disadvantages of your preferred approach? How would your preferred approach minimize the cost of implementation or bring other benefits? Please describe the sources of those benefits (for example, economies of scale, minimizing disruption, or other synergistic benefits).*

b. *Under a single date approach, what should the mandatory effective date be and why?*

c. *Under the sequential approach, how should the new standards be sequenced (or grouped) and what should the mandatory effective dates for each group be? Please explain the primary factors that drive your recommended adoption sequence, such as the impact of interdependencies among the new standards.*

d. *Do you think another approach would be viable and preferable? If so, please describe that approach and its advantages.*

We prefer a single date approach with adequate lead-time to implement. We feel that given enough time to plan and prepare, the single date approach would be the most efficient method of transitioning to the new standards. Although we anticipate a monumental effort on behalf of the preparers of company financial statements to adopt the standards, under a single date approach we feel that this method would be more efficient than the sequential approach. Companies will be able to modify business processes and information systems at one time in order to fully encompass all the changes created by the proposed standards rather than multiple changes from the introduction of new rules effective at a later time. The sequential approach would prolong the transition period and companies would have to maintain dual ledgers during the transition period in order to be able to provide information based on the proposed standards. Also, as the standards are adopted, there could be further changes to business processes and information systems which may conflict with previous changes, incurring additional costs and causing additional work for the companies by rendering previous efforts obsolete.

With regard to the effective date, we believe that under the single date approach, the effective date should be no earlier than fiscal year ending in 2016, allowing companies time for systems and
business process changes and 2014 and 2015 to compile the required information and develop any comparable data that may be required. If the implementation is prospective, we believe the earliest implementation date feasible would be beginning January 1, 2015.

**Question 6**

*Should the Board give companies the option of adopting some or all of the new standards before their mandatory effective date? Why or why not? Which ones? What restrictions, if any, should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?*

We believe that the Board should allow companies the option to adopt the standards before the mandatory effective date. Providing companies with the option to early adopt will allow them to analyze the company specific gaps to their current business processes and information systems and provide them the flexibility to decide the most optimal time to adopt with respect to their own specific constraints and competing priorities. The option of early adoption would allow companies some flexibility in the allocation of internal resources and hiring external resources, a critical element. We understand that the use of differing standards will make it difficult for users of financial statements to compare results among various companies during that period, but believe that the benefits of allowing companies to adopt early if they are able, and avoid the additional duplicative costs of using old and new standards, more than offsets the impact to the users of the financial statements.

**Question 7**

*For which standards, if any, should the Board provide particular types of entities a delayed effective date? How long should such a delay be and to which entities should it apply? What would be the primary advantages and disadvantages of the delay to each class of stakeholders (financial statement preparers, financial statement users, and auditors)? Should companies eligible for a delayed effective date have the option of adopting the requirements as of an earlier date?*

We do not believe that certain types of entities should be allowed a delayed effective date. We feel that given enough lead-time and the option to early adopt, companies should be able implement the changes necessary to adopt the standards by the same effective date and would allow for better comparability across the various types of entities.

**Question 8**

*Should the FASB and IASB require the same effective dates and transition methods for their comparable standards? Why or why not?*

Yes, if the FASB and IASB are working toward a path of convergence they should also have consistency in the application of the proposed accounting standards, including effective dates and transition methods. That will facilitate the adoption of IFRS if the SEC decides to allow or require U.S. companies to adopt IFRS. The same effective dates and transition methods will also facilitate
reporting by our foreign subsidiaries which are or will be required to report using IFRS for statutory purposes.

Although the Board has asked for comments without recognition of the possibility that IFRS may be incorporated into the financial reporting system for U.S. issuers, we believe that issue is important enough that we must voice our concern on the possibility of going through multiple transitions and adoption periods. The prospect of having to adopt FASB standards and then having to adopt IFRS would cause significant disruptions to business operations and each would take a significant amount of resources to implement. There should be discussions between the SEC and the FASB to avoid the possibility of having to adopt a set of standards under the FASB and IASB Convergence Project and then incorporate different IFRS standards into the financial reporting system.

**Question 9**

*How does the Foundation’s ongoing evaluation of standards setting for private companies affect your views on the questions raised in this Discussion Paper?*

The Foundation’s ongoing evaluation of standards setting for private companies does not affect our views on the questions raised in this Discussion Paper. We believe that private companies should follow the same accounting standards, although we agree that it may be appropriate to allow private companies to provide less disclosure in their financial statements in some circumstances. Use of different standards by private companies will create difficulties with mergers and acquisitions, and with those companies accessing public financing in the future.

In summary, we commend the FASB and the IASB efforts to converge accounting standards and your efforts to solicit input from preparers of financial statements, including when and how these standards should be adopted. Our company takes our obligation over financial reporting seriously, and we are committed to compliance and would be available to provide additional input, if needed.

Thank you for the opportunity to provide comments related to this Discussion Paper. Please contact me by email at cdbeaver@beckman.com with any questions.

Sincerely,

[Signature]

Carolyn D. Beaver
Corporate Vice President, Controller &
Chief Accounting Officer

cc: Charles A. Slacik, Beckman Coulter, Inc.
Senior Vice President, Chief Financial Officer