October 28, 2005

VIA Email

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116
director@fasb.org

RE: File Reference 1204-001, proposed statement FAS 141(R), Business Combinations.

We are pleased to respond to the Financial Accounting Standards Board’s (FASB’s or Board’s) Exposure Draft on proposed statement FAS 141(R), Business Combinations (FAS 141(R) or the Proposed Statement). We welcome the Board’s efforts to improve the accounting and financial reporting for Business Combinations and support the fundamental principles set by the Board in developing the new guidance.

First Data Corp. (NYSE:FDC) is a leading provider of electronic commerce and payment solutions for businesses and consumers worldwide. First Data’s portfolio of services and solutions includes credit, debit, private-label, smart and stored-value card issuing and merchant transaction processing services; money transfer services; money orders; fraud protection and authentication solutions; check guarantee and verification services; as well as Internet commerce. The Company’s growth strategy is supplemented by strategic investment and acquisition opportunities, as well as divestitures. Cash paid and other consideration for acquisitions totaled approximately $7.5 billion, $160 million and $670 million for the years ended December 31, 2004, 2003 and 2002, respectively.

The decisions reached by the Board in the Proposed Statement are built on the principle that the acquired entity should be recognized at fair value, as a whole, at the acquisition date. We agree that recognizing business combinations at fair value, as a whole, better reflects the economics of the transaction and therefore improves the relevance of financial information. However, applying a fair value approach to certain aspects of a business combination as required by the exposure draft may detract from the relevance of this financial information. While modern valuation techniques enable fair value measurement with reasonable accuracy, we still have some concerns over reliability of such estimates in certain situations. We believe that some practical limitations on the application of fair value principle are necessary to protect the integrity and reliability of information reported in the financial statements, particularly as it relates to “bargain” purchases.

We strongly oppose the accounting in FAS 141(R) for changes to fair value of contingent consideration, classified as liabilities, subsequent to the acquisition date, and recognition of holding gains (losses) upon change in control. These provisions would require companies to recognize in earnings the gains and losses that do not result from a culmination of an earnings process or an impairment of assets. Recognition of such gains (losses) in financial statements will inaccurately portray the operating results of a company and will distort commonly used financial performance measures, such as Earnings per Share (EPS), and will render those measures less useful.
In the discussion below, we propose certain modifications to the new guidance to make its application more practical and to improve the relevance and reliability of financial statements. We also ask the Board to provide additional guidance to assist with the application of certain provisions of FAS 141(R).

**Comments on Specific Issues Raised**

**Question 2 — Are the definition of a business and the additional guidance appropriate and sufficient for determining whether the assets acquired and the liabilities assumed constitute a business? If not, how would you propose to modify or clarify the definition or additional guidance? (Paragraphs A2-A7 and B32-B40)**

The existing guidance in EITF Issue No. 98-3, *Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Asset or a Business*, is difficult to apply in practice as it is a vague concept and is highly judgmental in its application. Determination of a business will continue to be a very important distinction as it results in different accounting treatment for business combinations and for asset acquisitions in several respects as outlined by the Board in paragraphs C6 and C7. Due to potentially significant accounting differences, it is important to develop a clear and concise definition that will allow entities to accurately identify groups of assets that do and do not qualify as businesses based on the substance of the underlying acquisition transactions.

We generally agree with the changes proposed by the Board. We find clarifications of terms Inputs, Processes and Outputs to be especially helpful. While the guidance in EITF 98-3 is restrictive, especially as it relates to development stage enterprises, in our view, the guidance in the Proposed Statement is too broad. The Board did not carry forward some of the important criteria from EITF 98-3, which may result in business combination treatment for asset purchases that are not truly businesses.

Consider the following example. Company A is an established company whose principal operation is processing of payment transactions for banks and merchants. Company A has developed a new processing software module that can be used to process a new type of payment transaction. Company A, and other payment processors, believe that the new software is a breakthrough in the industry. Company B acquires the new software module from Company A together with a staff of systems and programming employees that developed the software. Company B is also an established card processor and has all the necessary inputs and processes in place to process payment transactions using the new module by integrating the new software into its own infrastructure. Company B determined that a willing acquirer, which was another payment processor that participated in the bidding process to acquire the software from Company A, would also be able to integrate Company A’s software into their existing infrastructure. The sale of software together with the programming staff would qualify as a “business” under the proposed guidance. However, in essence, Company B simply acquired software from Company A together with some employees. Based on one’s definition of a willing acquirer, almost any asset sale would qualify as a “business” as long as the asset is bundled with employees and/or other processes.

We believe the proposed guidance could be improved by retaining several important concepts from EITF 98-3, as discussed below.
Retain the presumption from EITF 98-3 that "if all but a de minimus amount of the fair value of the transferred set of activities and assets is represented by a single tangible or identifiable intangible asset, the concentration of value in the single asset is an indicator that an asset rather than a business is being received." Evidence to the contrary should be necessary to overcome that presumption. Retaining the above language in the proposed guidance would help identify transactions that are in substance asset acquisitions but may be structured to qualify as a business combination.

Retain the requirement from EITF 98-3 that the transferred set must have the ability to obtain access to the customers that purchase the outputs of the transferred set. This requirement can be incorporated in paragraph A3 "to be capable of being conducted and managed for the purposes defined, an integrated set of activities and assets requires three essential elements - inputs, processes ... used to create outputs, and ability to obtain access to customers that will purchase the outputs." We believe that ability to obtain access to customers is an essential element of any business.

We also believe that evaluation of whether a development stage enterprise that does not have outputs represents a business should focus on the current ability of that enterprise to create outputs. Therefore, the factor listed in paragraph A5.c. would not be supportive that an acquired set is a business.

We ask the Board to provide several examples from various industries, especially the service industry, to help demonstrate the application of this principle.

Question 3 — In a business combination in which the acquirer holds less than 100 percent of the equity interests of the acquiree at the acquisition date, is it appropriate to recognize 100 percent of the acquisition-date fair value of the acquiree, including 100 percent of the values of identifiable assets acquired, liabilities assumed, and goodwill, which would include the goodwill attributable to the noncontrolling interest? If not, what alternative do you propose and why? (Paragraphs 19, 58, B56-B64, B101-B105 and B154-B155.)

We support the underlying principle to FAS 141(R) that a business combination should result in the recognition of the acquired business, including all assets acquired and liabilities assumed, at fair value. We also believe that it is appropriate to recognize 100 percent of the values of assets acquired, including goodwill, and liabilities assumed, even in combinations in which the acquirer holds less than 100 percent of the equity interests at the acquisition date. When an acquirer obtains control of an acquiree, it obtains control of the underlying net assets and receives the benefit from the use of those whole assets. Therefore, it would be more meaningful to reflect the full value of those assets and liabilities in the acquirer’s financial statements.

Fair value of consideration given together with other available information should enable the acquirers to measure the fair value of an acquiree, as a whole, with reasonable accuracy. We believe this change will improve the relevance and comparability of financial information by reporting all acquisitions at fair value as opposed to the current practice of reporting partial or step acquisitions at a combination of fair value and historical cost.
Question 6 — Is the accounting for contingent consideration after the acquisition date appropriate? If not, what alternative do you propose and why? (Paragraphs 26 and B74-B86)

While we agree with the FASB’s proposal to measure and record contingent consideration at fair value on the acquisition date, we strongly disagree with the proposed accounting for contingent consideration that is classified as liabilities that are not within the scope of FAS 133 subsequent to the acquisition date.

We agree with the FASB that recording fair value of contingent consideration at acquisition date will improve the relevance of financial statements. Contingent consideration is part of the purchase price which forms the basis for fair value measurement of an acquiree and therefore it is necessary to record the fair value of contingent consideration on the acquisition date in order to properly recognize the acquired business at fair value.

However, in our view, subsequent adjustments to fair value of contingent consideration that is classified as liabilities should be recorded as adjustments to purchase price (generally in goodwill) if the contingent consideration payments are part of the transaction price in exchange for the acquiree. We do not believe that including such adjustments in current period income would be meaningful or appropriate. The gains (losses) resulting from adjustments to contingent consideration do not result from a culmination of an earnings process and are contrary to changes in the underlying value of a business. Confirmation that a business is worth more than the initial estimate, as evidenced by better than expected performance of the acquired business, will result in charges to income, while confirmation that the business value is in line with the initial payment, as evidenced by lower performance than necessary to receive the expected contingent payment, will result in recognition of a gain.

We believe that the gains (losses) resulting from the adjustments described above will significantly reduce the relevance of financial statements. The EPS will become meaningless as a measure of company’s performance because it will no longer reflect the actual operating performance of a company.

We agree with the Board that if some portion of the purchase price, including contingent consideration, is for something other than the business acquired, then such portion of the purchase consideration should be accounted for separately from the business combination in accordance with other existing GAAP. Therefore we believe that it is appropriate to codify guidance in EITF Issues No. 95-8, Accounting for Contingent Consideration Paid to the Shareholders of an Acquired Company in a Purchase Business Combination, and No. 04-1, Accounting for Preexisting Relationships between the Parties to a Business Combination, as part of FAS 141(R). We also agree with a new requirement in paragraph 24 of FAS 141(R) to assess whether any portion of the transaction price is not part of the exchange for the acquiree. However, once that assessment is made and it is determined that the contingent consideration is part of the transaction price, then such payments should be recorded as adjustments to the fair value of the acquiree when the contingency is resolved.

We believe that the fair value of an acquiree, in a vast majority of acquisitions, will be based upon estimates and assumptions about occurrence or non-occurrence of future events that will confirm the value of an acquiree at acquisition. For example, business
valuations require assumptions about future growth rates, attrition rates and profitability of a business being acquired. Such estimates are made based on sellers' representations, due diligence procedures, analysis of market trends, and other available information. Slight changes in those estimates can have significant effects on the valuation. Oftentimes, buyers and sellers cannot agree on the valuation assumptions and, therefore, the value of the business. While an acquisition date fair value of contingent consideration can be calculated, buyers and sellers choose not to exchange such amount upfront but rather wait to settle the purchase price until the contingency is resolved, i.e. confirmation of the valuation assumptions. This reduces the risk to buyers from inaccurate valuations and also ensures that sellers and buyers exchange fair values for the acquiree rather than creating speculative gains and/or losses for the transacting parties. The accounting treatment should be the same regardless of when the purchase price is exchanged, upfront or at some later date.

The time period required for contingencies to resolve and to confirm the valuation assumptions varies based on the nature of the acquiree’s business and may take 12 to 24 months or longer for some acquisitions. We recognize that the Proposed Statement will provide for a measurement period, not to exceed 12 months from an acquisition date, to finalize the measurement of fair value of assets acquired and liabilities assumed. However, the measurement period, as proposed in the Exposure Draft, will be inadequate to address contingent consideration arrangements because such arrangements may require a period longer than 12 months to resolve. The accounting treatment should be based on the substance of the arrangement and should not change whether a contingency is resolved within 12 months (within the allocation period) or after the 12-month period.

The Board noted in Footnote 14 to paragraph B86 of FAS 141(R) that certain contingent payments may be related to outcome of contingencies relating to particular assets or liabilities. In those cases, the Board noted that effects of changes in the fair value of those contingent payments may be offset by changes in the value of the related assets or liabilities. We believe the example presented is misleading as it does not specify the extent to which the fair value changes would offset each other and therefore the example fails to reveal the irrational result that would likely be produced by application of this principle to a typical contingent consideration arrangement where the contingent payment is based on multiples of earnings or other performance measures consistent with an overall business valuation.

For example, an acquirer may receive software, which is highly touted by the sellers, as part of the business combination. The software was not the principal reason for the acquisition. An acquirer assigns a $5 million value to acquired software based on replacement cost. Since acquirer is skeptical of the sellers’ claims relating to the software, a contingent consideration arrangement is used, up to a $20 million maximum earn-out tied to the profits achieved from the use of that software. The acquirer expects to pay out $10 million based on initial estimates. If the software does not perform as expected, there may be an impairment charge up to $5 million to write down the value of the software. However, there would also be a $10 million gain as a result of not paying the contingent consideration. Opposite would also be true, if the software performs better than expected by the buyer and the maximum earn-out is achieved then there would be a $10 million loss to the acquirer (no adjustment to the value of the software is made as it was valued using a replacement cost method). The exchange of the contingent payment between the buyer and seller does not result in a gain or loss for the
buyer but rather confirms the value of the software and the business that the buyer acquired. Recognition of resulting gain or loss in income would distort the operating performance of the company and will be misleading to the investors and other users of the financial statements.

For the reasons outlined above, we would recommend modifying the proposed guidance in paragraph 26 to account for changes in fair value of the liabilities that are not within the scope of FAS 133 as adjustments to fair value of the acquiree (generally in goodwill) if the contingent consideration payments are part of the transaction price in exchange for the acquiree and are calculated in a manner that validates the fair value of an entity. Alternatively, the Board could make an exception to the application of the measurement period to exempt contingent consideration arrangements from the 12-month limitation to achieve the same accounting effect. We believe that these changes will also mitigate concerns of potential abuse by companies to over accrue for these contingencies to avoid future income statement charges or to build in future gains.

**Question 7 — Do you agree that the costs that the acquirer incurs in connection with a business combination are not assets and should be excluded from the measurement of the consideration transferred for the acquiree? If not, why? (Paragraphs 27, B93–B99 and C2-C8.)**

The Board’s proposal to disallow capitalization of transaction costs incurred in connection with a business combination is a fundamental change from the existing practice. The Board has considered many arguments against the proposed change in their Basis for Conclusions as noted in paragraphs B97 and B98. We would put forth many of those same arguments and propose another alternative solution that will allow for deferral of acquisition-related costs while also preserving the principle of recognizing the acquiree at fair value.

We agree with the Board’s statement that the transaction costs do not increase the “exchange” fair value (as opposed to “in use” value) of a business acquired and therefore such costs should not be capitalized as part of the fair value of the acquiree. However, consistent with other accepted accounting practices, it should be appropriate to account for the transaction costs as part of the business combination and capitalize direct and incremental acquisition costs as a separate intangible asset (separate from the value of the business acquired) if those costs are recoverable from the cash flows of that business acquired. The sum of the capitalized transaction costs and the fair value of the business acquired should not exceed the “in use” value of the acquiree. The costs would be recognized in income of future periods that benefit from the results of the acquired business. While the rational for capitalization of such cost in a business combination would be somewhat different, such treatment would be consistent with accounting for similar costs incurred in connection with debt issuance, acquiring a new insurance contract, negotiating and closing leases, originating or acquiring loans, and placing an asset in service and preparing it for its intended use. Once capitalized (and clearly disclosed to the users of the financial statements) as a separate “capitalized acquisition costs” intangible asset, the capitalized costs would be subject to impairment testing in accordance with GAAP.

Consider the following existing accounting guidance in SFAS No. 60, *Accounting and Reporting by Insurance Enterprises*, and SFAS No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs*.
of Leases. FAS 60 allows for capitalization and deferral of acquisition costs that vary with and are primarily related to the acquisition of insurance contracts (for example, agent and broker commissions, certain underwriting and policy issue costs, and medical and inspection fees). FAS 91 allows for capitalization and deferral of direct loan origination costs of a completed loan, which includes the costs for activities performed by the lender to evaluate the prospective borrower's financial condition; evaluate and record guarantees, collateral, and other security arrangements; negotiate loan terms; prepare and process loan documents; and close the transaction. We believe that the costs allowed to be deferred by FAS 60 and FAS 91 are not dissimilar to the acquisition-related costs incurred in connection with a business combination. The costs described in FAS 60 and FAS 91 are also incurred in exchange for services received by the insurers and lenders, however the current guidance allows for deferral of such costs to match those with the benefits received from the related contracts. While the “matching principle” is not the strongest of accounting concepts, we believe that application of this principle to the transaction-related costs would result in more relevant financial reporting than expensing such costs at acquisition.

Question 10 – Is it appropriate for the acquirer to recognize in income any gain or loss on previously acquired noncontrolling equity investments on the date it obtains control of the acquiree? If not, what alternative do you propose and why.

Although we agree that it is appropriate to record a noncontrolling equity investment asset at its acquisition date fair value, we do not believe that the result of such remeasurement should be recorded in the income statement as a gain or loss. We believe that such accounting will distort the statement of earnings and lead to such statement being less useful to present and potential investors, creditors and other users of the financial statements.

The gain or loss that occurs from recording a noncontrolling equity interest at its acquisition date fair value results from the increase or decrease in the value of such noncontrolling interest over a period of time and not the period in which the noncontrolling equity interest is acquired. As such, this resulting change should not be recorded in current income or earnings. This recommendation is supported by paragraph 34 of Statement of Financial Accounting Concepts No. 5, Recognition and Measurement in Financial Statements of Business Enterprises, (“CON5”) which states in part that “Earnings does not include the cumulative effect of certain accounting adjustments of earlier periods that are recognized in the current period.” “Earnings is a measure of performance for a period and to the extent feasible excludes items that are extraneous to that period – items that belong primarily to other periods.”

We believe that the Board should consider requiring entities to record the gain or loss that would result from recording a noncontrolling equity investment at its acquisition date fair value in comprehensive income. Such classification would improve the usefulness of financial statements versus such gain or loss being reported in earnings due to the fact that the gain or loss did not entirely arise in the period in which it will be recorded. Furthermore, such gain or loss is not a measure of the entity’s performance during such period and therefore should not be included in net income as a gain or loss.

Another compelling reason for not recording such gain or loss in the income statement is that there has not been a culmination of an earnings process. For example, the elimination of a participating right of a minority shareholder could result in a gain upon
obtaining control. In this example there has not been an economic event that results in the culmination of the earnings process.

We strongly encourage the Board to reconsider the classification of a gain or loss that results from recording a noncontrolling equity investment at its acquisition date fair value.

**Question 11** — Do you agree with the proposed accounting for business combinations in which the consideration transferred for the acquirer’s interest in the acquiree is less than the fair value of that interest? If not, what alternative do you propose and why? (Paragraphs 59–61 and B168–B182.)

Our view on accounting for bargain purchases differs from the guidance proposed by the Board. We do not believe that the amount of the bargain can be reliably measured at the acquisition date in all situations. We believe that it will not be possible to distinguish between a bargain purchase and valuation inaccuracies unless there is persuasive evidence of a bargain purchase. Even if the persuasive evidence of a bargain purchase exists, no single acquirer can measure the fair value of an acquiree from a "willing acquirer" viewpoint with such accuracy so as to verify the amount of the bargain contained in a purchase. This is because the fair value of an acquiree may differ significantly to individual acquirers based on the amount of synergies and/or other factors that would benefit a particular acquirer as a result of the acquisition. Overestimating the amount of synergies to be achieved by a willing acquirer would result in higher fair value measurement and may produce an appearance of a bargain purchase.

We believe the Board should reiterate in paragraph 61 that no gain should be recognized unless there is persuasive evidence of a bargain purchase. This would be consistent with paragraph 20 of the Proposed Statement which states that "in the absence of evidence to the contrary, the exchange price paid by the acquirer on the acquisition date is presumed to be the best evidence of the acquisition-date fair value..."

In theory, if there is persuasive evidence of a bargain purchase and the amount of a bargain can be reliably measured, then it may be appropriate for the acquirer to record a gain upon acquisition and record the assets acquired and liabilities assumed at their fair values. However, we believe such situations are very judgmental and will lead to inconsistencies in practice. Therefore we suggest retaining the current approach of FAS 141 of reducing the values assigned to assets acquired by the amount of the potential gain.

**Question 12** — Do you believe that there are circumstances in which the amount of an overpayment could be measured reliably at the acquisition date? If so, in what circumstances? (Paragraph B183.)

For reasons similar to those stated above for Question 11, we agree with the Board’s conclusion that amount of overpayment cannot be reliably measured.

**Question 13** — Do you agree that comparative information for prior periods presented in financial statements should be adjusted for the effects of measurement period adjustments? If not, what alternative do you propose and why? (Paragraphs 62–68 and B161–B167.)
We believe that reporting measurement period adjustments to the provisional values of assets acquired and liabilities assumed retrospectively would be contradictory to the guidance that the FASB recently issued in FAS 154, Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3. Retrospective adjustments may be the appropriate theoretical answer, however we believe that this approach is highly impractical and provides little or no additional information/benefit to financial statement users.

We believe that measurement period adjustments would be included in the scope of FAS 154 and would be considered a change in accounting estimate. Paragraph 19 of FAS 154 describes the appropriate accounting treatment for a change in accounting estimate:

A change in accounting estimate shall be accounted for in (a) the period of change if the change affects that period only or (b) the period of change and future periods if the change affects both. A change in accounting estimate shall not be accounted for by restating or retrospectively adjusting amounts reported in financial statements of prior periods or by reporting pro forma amounts for prior periods.

Pursuant to the guidance above, a retrospective adjustment of the provisional amounts would be inappropriate.

The discussion below provides additional arguments for our disagreement with the Board regarding the reporting of measurement period adjustments retrospectively.

When an entity records an acquisition it discloses that the amounts reported are estimates and will be adjusted to fair value at the acquisition date upon obtaining and assessing additional information to support the acquisition date fair value. We believe that this disclosure is sufficient. Furthermore, we believe that continued restatement of prior period financial statements resulting entirely from the effects of measurement period adjustments would lead to confusion by users of financial statements which would outweigh the benefits noted by the Board in paragraph B167. This requirement may also have a significant impact on public companies that file their reports on Forms 10-Q and Forms 10-K with the SEC.

Vast majority of the adjustments made during the measurement period are non-cash and do not impact the valuation of a company. Additionally, the measurement period limits the time to make these adjustments to 12 months from the acquisition date. Therefore the adjustments are made in a relatively short period of time and restating prior reporting periods would not likely result in a material difference.

For the reasons described above, we believe that FAS 154 adequately addresses the accounting for changes in estimates and no new guidance in this area is required as part of FAS 141(R).

We would also like to use this opportunity to comment on the “measurement period” concept proposed by the Board.

We believe that the FASB should emphasize and make an explicit statement in FAS 141(R) that entities should not use a one year measurement period as a default but rather the measurement period should end “as soon as the acquirer receives the
necessary information about facts and circumstances that existed as of the acquisition
date or learns the information is not obtainable”. Many entities have interpreted the
measurement period to be one year since the Board has stated that “the measurement
period shall not exceed one year from the acquisition date.” In theory, we do not believe
that there should be a specific time period in which the measurement period should end
due to the fact that the acquirer may be waiting on additional information that is difficult
to obtain and analyze in order to determine the acquisition date fair value. However, in
practice, a limitation on the measurement period may be necessary.

We agree with the disclosure requirements in paragraph B162 and believe that the
amounts that have been determined only provisionally and the reasons why the
measurement period is still open should be disclosed to the users of the financial
statements.

Question 14 — Do you believe that the guidance provided is sufficient for making
the assessment of whether any portion of the transaction price or any assets
acquired and liabilities assumed or incurred are not part of the exchange for the
acquiree? If not, what other guidance is needed? (Paragraphs 69 and 70, A87–
A109, and B111–B117.)

The assessment of whether any portion of the purchase consideration is not part of the
exchange for the acquiree should be made based on individual facts and circumstances.
Although Appendix A provides some useful examples to demonstrate application of this
principle, we believe it would be helpful for the Board to provide additional examples due
to wide-ranging circumstances in which this guidance could be applicable. The Board
may wish to solicit examples from multiple industries for that purpose.

Question 16 — Do you believe that an intangible asset that is identifiable can
always be measured with sufficient reliability to be recognized separately from
goodwill? If not, why? Do you have any examples of an intangible asset that
arises from legal or contractual rights and has both of the following
characteristics:

a. The intangible asset cannot be sold, transferred, licensed, rented, or exchanged
   individually or in combination with a related contract, asset, or liability
b. Cash flows that the intangible asset generates are inextricably linked with the
cash flows that the business generates as a whole?

We believe that an intangible asset that is identifiable can generally be measured with
sufficient reliability to be recognized separately from goodwill. We acknowledge that
there may be limited circumstances when an identifiable asset can not be measured with
sufficient reliability to be recognized separately from goodwill.

For example, a registrant is granted a license to settle transactions between financial
institutions from a governmental entity. Such license can not be sold, transferred,
licensed, rented, or exchanged and the registrant derives incremental cash flows as a
result of such license. However, the incremental cash flows resulting from the license
are difficult to measure because the registrant is able to attract customers that ultimately
use other services that the registrant offers as a result of having the license.
Accordingly, it requires a significant amount of judgment to determine what portion of
cash flows should be allocated to the license intangible asset due to the fact that the
cash flows generated from the license are inextricably linked with other cash flows that the registrant generates. However, even in this difficult circumstance, a reasonable valuation basis exists to measure the intangible asset separately from goodwill with sufficient reliability.

We believe that these circumstances should be rare such that entities cannot avoid separate recognition of intangible assets simply because it is difficult to measure an identifiable intangible asset, since this would lead to inconsistencies in practice. The valuation of intangible assets is a best estimate of fair value based on available information. Accordingly, we believe that with an adequate amount of effort and judgment, most identifiable assets whether finite or indefinite lived can be measured with sufficient reliability to be recognized separately from goodwill.

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We appreciate the opportunity to share our views and recommendations with the Board regarding the Proposed Statement. If you have any questions regarding the contents of this letter please contact Jeff Billat at 303.967.8339 or Judi Lacko at 303.967.6851 at your convenience.

Sincerely,

Jeff Billat  
Vice President  
Chief Accounting Officer

Judi Lacko  
Vice President  
Corporate Accounting Policies and Standards

RE: SFAS No. 141(R)