September 24, 2012

Via email to: director@fasb.org

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

RE: Proposed Accounting Standards Update, Financial Instruments (Topic 825) – Disclosures about Liquidity Risk and Interest Rate Risk (File Reference No. 2012-200)

Coca-Cola Enterprises, Inc. (CCE, the Company, we, our, or us) appreciates the opportunity to respond to the Financial Accounting Standards Board’s (FASB) Proposed Accounting Standards Update Exposure Draft regarding Disclosures about Liquidity Risk and Interest Rate Risk (Exposure Draft or ASU). The proposed guidance is intended to provide users of financial statements with information about an entity’s liquidity risk and interest rate risk by helping them to understand the risks that an entity will have in fulfilling obligations associated with financial liabilities, as well as the exposure of an entity’s financial assets and liabilities to fluctuations in interest rates.

Under the proposed ASU, the extent of disclosures required is dependent on whether an entity is a “financial institution,” defined as entities that “earn, as a primary source of income, the difference between interest income generated by earning assets and interest paid on borrowed funds,” or “provide insurance.” Based on this definition, CCE would not be considered a financial institution and, therefore, would be required to provide only those disclosures for entities that are not financial institutions. Furthermore, CCE is not a depository institution. We do not feel that we possess the operational knowledge or expertise to appropriately answer the questions specific to disclosures for a financial institution or a depository institution; accordingly, our responses below are limited to questions that pertain to all reporting entities.

Question 1: For a financial institution, the proposed amendments would require a liquidity gap table that includes the expected maturities of an entity’s financial assets and financial liabilities. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Not applicable; see above explanation.
Question 2: For an entity that is not a financial institution, the proposed amendments would require a cash flow obligations table that includes the expected maturities of an entity’s obligations. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

The proposed cash flow obligations table has many similarities to the contractual obligations table required annually under Item 303(a)(5) of Regulation S-K. As such, we believe that the preparation of a quarterly cash flow obligations table would involve a similar amount of effort and resources as generating the current annual disclosures. The creation of our annual contractual obligations table involves the time, expertise, and support of a cross-functional team, including employees from accounting, treasury, procurement, and accounts payable. The current effort involved is extensive, as we must accumulate data from a wide variety of sources, including individual contracts and agreements we have throughout our organization. If an organization does not already have a system in place for gathering this data, such as a robust IT solution, it could be quite burdensome, particularly on a quarterly basis, to accumulate the appropriate level of detailed information. Furthermore, the proposed requirement to report this information for each quarter of the following annual period further complicates the collection process.

While we do not object to providing this information on an annual basis as part of our financial statements, we do not believe quarterly presentation of this information is warranted for two main reasons: (1) as noted above, the resources necessary to assemble this information are extensive, and we would need to add or redirect resources in order to report the information on a quarterly basis; and (2) we believe the information provided annually in our contractual obligations table is sufficient to provide readers of our financial statements with a clear understanding of our financial commitments and obligations for future years, particularly since material contracts tend to be longer term in nature. Additionally, as required under Item 303 of Regulation S-K, if these obligations materially change during an interim period, we already would report such changes. Therefore, we suggest that the FASB Exposure Draft be amended, at a minimum, to mirror the timing of the SEC disclosure rules so that these disclosures are only required on an annual basis.

Question 3: The proposed amendments would require information about expected maturities for financial assets and financial liabilities to highlight liquidity risk. Expected maturity is the expected settlement of the instrument resulting from contractual terms (for example, call dates, put dates, maturity dates, and prepayment expectations) rather than an entity’s expected timing of the sale or transfer of the instrument. Do you agree that the term expected maturity is more meaningful than the term contractual maturity in the context of the proposed liquidity risk disclosures? If not, please explain the reasons and suggest an alternative approach.

We do not object to the requirement to use the expected maturity, rather than contractual maturity, for financial assets and financial liabilities to highlight liquidity risk. Similar to many accounting and reporting standards, preparer judgment is required to create a useful, meaningful disclosure. If an entity expects to settle a financial asset or liability earlier or later than the actual contractual maturity based on previous experience or expectations surrounding a particular financial asset or liability, we agree that the expected maturity date should be used to classify that asset or liability within the tabular disclosures proposed by the Exposure Draft. To do otherwise could be misleading and would diminish the decision usefulness of the cash flow obligations table. However, if a further definition of “expected” is not provided, it could lead...
to divergence in how this schedule is prepared, and could also add difficulty to creating a schedule that is easily audited.

**Question 4:** The proposed amendments would require a quantitative disclosure of an entity’s available liquid funds, as discussed in paragraphs 825-10-50-23S through 50-23V. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

We do not object to a majority of the proposed requirements discussed in paragraphs 825-10-50-23S through 50-23V of the ASU. In fact, most of the information required by this portion of the proposal is already included in our annual and interim financial statements. Regarding available liquid funds, we regularly disclose in detail amounts held by CCE that are not cash, but are classified as cash and cash equivalents. We also clearly discuss the capacity and availability under our credit facility. Finally, we have a discussion about the amount of cash that is held by our foreign subsidiaries, as well as a discussion regarding our repatriation policy. Taken together, we believe these disclosures provide the user of our financial statements with a clear picture of our cash position and borrowing capabilities.

In summary, while we believe that existing disclosures are sufficient, we do not object to a majority of the proposed guidance addressed by this question, including the display of available liquid funds and borrowing availability in tabular format.

**Question 5:** For depository institutions, the proposed Update would require a time deposit table that includes the issuances and acquisitions of brokered deposits during the previous four fiscal quarters. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Not applicable; see above explanation.

**Question 6:** As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to develop an understanding of your entity’s exposure to liquidity risk? If not, what other information would better achieve this objective?

The proposed guidance would provide sufficient information for users of our financial statements to develop an understanding of our entity’s exposure to liquidity risk. However, we believe that the information already included in our annual and interim financial statements is sufficient in providing this understanding, and do not believe the additional disclosures would add significant value to the users of our financial statements.

**Questions 7-12:** Not applicable to preparers.

**Questions 13-15:** Questions for Preparers and Auditors – Interest Rate Risk.

Not applicable; see above explanation.
Questions 16-19: Not applicable to preparers.

Question 20: The amendments in this proposed Update would apply to all entities. Are there any entities, such as nonpublic entities, that should not be within the scope of this proposed Update? If yes, please identify the entities and explain why.

In the responses above, we have identified the complications that any organization would have in adhering to the proposed disclosures, particularly those with collecting the underlying required information. While these issues may be more onerous in smaller organizations, the data required by the proposed disclosure rules is scalable; in other words, smaller companies would typically have less information to gather and report on, requiring less effort. As such, we do not anticipate any entities that should not be within the scope of this proposed ASU.

Question 21: Although the proposed amendments do not have an effective date, the Board intends to address the needs of users of financial statements for more information about liquidity risk and interest rate risk. Therefore, the Board will strive to make these proposed amendments effective on a timely basis. How much time do you think stakeholders would require to prepare for and implement the amendments in this proposed Update? Should nonpublic entities be provided with a delayed effective date? If so, how long of a delay should be permitted and why? Are there specific amendments that would require more time to implement than others? If so, please identify which ones and explain why.

We believe that all companies, both public and nonpublic, should have at least one year to prepare for and implement the amendments in this proposed ASU. This would allow companies to put processes and procedures in place to routinely gather and assemble the information required in this Exposure Draft, particularly the information used to populate the cash flow obligations table. We commend the FASB for not requiring comparative disclosures in the first period of adoption, as capturing information on obligations that could have potentially expired would have proved difficult, and would not have provided useful information if the purpose of these disclosures is to address current liquidity.

Question 22: Do you believe that any of the amendments in this proposed Update provide information that overlaps with the SEC’s current disclosure requirements for public companies without providing incremental information? If yes, please identify which proposed amendments you believe overlap and discuss whether you believe that the costs in implementing the potentially overlapping amendments outweigh their benefits? Please explain why.

As previously discussed, we believe that many of the requirements proposed by this Exposure Draft overlap and extend the disclosure rules contained in Item 303 of Regulation S-K. More specifically, Item 303 stipulates that an entity is to disclose trends concerning its liquidity, capital resources, and contractual obligations. The proposals in this Exposure Draft serve to increase the frequency of these disclosures, to extend them by adding additional qualitative disclosures, and to pull some of the information that we already report into two new tables within our footnotes.
Thank you for your consideration of our comments on these matters. If you have any questions, comments, or would like further information regarding this submission, please contact me at 678-260-3053.

Sincerely,

Scott C. Bourgeois
Director, Financial Reporting and Technical Accounting
Coca-Cola Enterprises, Inc.