March 9, 2012

Via email to: director@fasb.org

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


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 Testing Indefinite-Lived Intangible Assets for Impairment (Exposure Draft). The proposed guidance is aimed at reducing the complexity and cost of an entity’s annual impairment testing for indefinite-lived intangible assets other than goodwill by including an option to evaluate the likelihood of impairment through qualitative measures prior to requiring a quantitative test. We commend the FASB for performing the outreach prior to the issuance of Accounting Standards Update 2011-08, Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment, and believe that the proposed guidance in this Exposure Draft will certainly improve the consistency in impairment testing guidance among indefinite-lived intangible asset categories. Our responses to the specific questions for respondents are outlined below.

Question 1: Please describe the entity or individual responding to this request.

With over $8 billion in revenues in 2011, CCE is the leading Western European marketer, distributor, and producer of bottle and can nonalcoholic beverages and one of the largest independent Coca-Cola bottlers. CCE is the sole licensed bottler for products of The Coca-Cola Company in Belgium, continental France, Great Britain, Luxembourg, Monaco, the Netherlands, Norway, and Sweden. CCE is a public company incorporated in the United States of America. As of December 31, 2011, CCE’s balance sheet included approximately $3.8 billion in franchise license intangible assets (which are classified as indefinite-lived intangible assets) and approximately $125 million in goodwill. Our franchise license intangible assets have been acquired throughout the history of our Company and represent the right to distribute and sell products of The Coca-Cola Company within specified territories. We perform our annual impairment analysis of franchise license intangible assets and goodwill as of the last reporting day in October at the Europe operating segment level, which is our reporting unit.
Question 2: For preparers, do you believe that the proposed amendments will reduce overall costs and complexity compared with existing guidance? If not, please explain why.

We believe the addition of a qualitative test would simplify the testing for impairment of indefinite-lived intangible assets other than goodwill. Therefore, it is our opinion that the proposed amendments would reduce the overall complexity and cost of completing indefinite-lived intangible asset impairment tests as compared with existing guidance.

As stated previously, we are a company with significant franchise license intangible assets that are classified as other indefinite-lived intangible assets. Our goodwill and other indefinite-lived intangible assets carry similar characteristics, and the events and circumstances that would result in impairment of goodwill are very similar to those that would indicate an impairment of other indefinite-lived intangible assets. As such, the extension to include other indefinite-lived intangible assets will achieve the FASB’s objectives of simplifying existing guidance and reducing the overall costs associated with annual impairment testing.

Question 3: For preparers, do you expect your entity will choose to perform the qualitative assessment proposed in the amendments, or will your entity choose to proceed directly to performing the quantitative impairment test? Please explain.

We expect to utilize the qualitative assessment proposed in the amendments prior to requiring a quantitative test for both our goodwill and other indefinite-lived intangible assets.

Questions 4-5: Not applicable to preparers.

Question 6: Do you agree that the examples of events and circumstances in paragraph 350-20-35-3(a) through (e) are helpful in assessing whether significant inputs to the fair value measurement have changed significantly to indicate that it is more likely than not that an indefinite-lived intangible asset is impaired? If not, what additional examples of events and circumstances do you suggest?

We believe that the examples of events and circumstances as discussed in the codification are adequate to guide the preparer in making a professional judgment as to whether it is more likely than not that their indefinite-lived intangible assets have been impaired. It is understood that this list is not exhaustive and other relevant circumstances should be considered as applicable to the specific entity. In practice, these events and circumstances are broad enough to cover entity-specific, industry-specific, and macroeconomic factors, all of which are appropriate in determining whether it is more likely than not that an impairment may exist.
Question 7: Do you agree that nonpublic entities should be exempt from disclosing quantitative information about significant unobservable inputs used in measuring fair value of an indefinite-lived intangible asset as required in paragraph 820-10-50-2(bbb), as amended by Accounting Standards Update No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs? If not, please explain why.

We do not object to the exemption for nonpublic companies regarding the disclosure of quantitative information about significant unobservable inputs used in measuring fair value of an indefinite-lived intangible asset as required in paragraph 820-10-50-2(bbb).

Question 8: Do you agree with the proposed effective date provisions? If not, please explain why.

We agree with the proposed effective date provisions, including the provision for early adoption.

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.