LETTER OF COMMENT NO. 13

director@fasb.org,

July 24, 2008

Re: File Reference No. 1600-100

Robert H. Herz, Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Gentlemen:

We appreciate the opportunity to express our comments and concerns regarding the FASB's Proposed Statement, *Disclosure of Certain Loss Contingencies—an amendment of FASB Statements No. 5 and 141(R)* (issued 6/5/08).

The essence of our comments below is that additional disclosures required under the amendments to SFAS 5 and 141(R) would primarily benefit plaintiffs and plaintiff's attorneys to the detriment of the entity and its unitholders. We believe the FASB's stated goal of providing investors and analysts with meaningful information useful for cash flow modeling will not be realized. Further we believe the additional disclosures will result in investor confusion, leading to poor decision making. Additionally, we believe the manner in which the amendments have been crafted will lead to needless conflicts between entities and their outside accountants and legal consultants. Our specific concerns are outlined below.

Litigation, or negotiations through threatened litigation, is dynamic, transitory and inherently unpredictable. The actions required to attain resolution are diverse and the direction of the matter being litigated often changes. Management's assessment of a contingency matter can change frequently with emerging information including changes in settlement and/or trial strategies, venue changes, assignment of negotiators and/or judges, other recent trial settlements and conclusions, etc. Accordingly, assessments of potential litigation or negotiation outcomes are highly subjective and difficult to provide with any degree of precision. Further, there are situations where, for many reasons, it may be advantageous to settle a claim at a particular point in time but not as advantageous at a later date. Therefore, it seems clear that assessing the most likely outcome of a contingent matter being litigated or negotiated is tenuous at best and the value of such disclosures questionable. Additionally, as circumstances

and strategies change during the course of litigation or negotiations, the additional required disclosures would likely be confusing.

Another of our concerns is that the additional qualitative disclosures required by the proposed statement, versus current practice, would mostly provide information useful to our legal adversaries. While the proposed rule changes would make contingency disclosures more transparent, we believe this transparency would be detrimental to our unitholders. For example, assume a situation which occurs just prior to quarter-end for which management has assessed a contingent loss has occurred that is more than remote but less than probable. Under current disclosure requirements we could disclose the nature of the contingency but state that sufficient information was not available to estimate a range of loss (which we believe are relevant disclosures). Under the proposed rules, we would be required to disclose the maximum amount of loss. Since the maximum amount of loss is almost always a poor proxy for the best estimate of loss, management would then be compelled to disclose a range of loss. However, this initial estimate would be based on incomplete information and the accuracy of the resulting range that would be disclosed would be questionable at best. Furthermore, these disclosures would do little to help provide investors and analysts with meaningful information useful for modeling cash flows. Additionally, we believe that such additional disclosures would lead to poor investor decision making.

We are also concerned with the implications the additional disclosures required by this proposed statement would have on the outcome of litigation matters that we are currently involved with. While the proposed statement provides a two-step exemption from certain disclosures when there is a prejudicial impact, we believe that the minimum disclosures required even when "Step 2" is invoked would themselves be prejudicial and could become a significant factor in the outcome of the contingency matter. These minimum disclosures would provide a plaintiff with information that would be highly detrimental to our company and our unitholders. For example, providing a description of the factors that are likely to affect the ultimate outcome of the contingency would provide our legal adversaries with information that could prove to be highly prejudicial during negotiations or trial. Consequently, as a practical manner, entities will be forced to make these disclosures so generic that the information provided would not be meaningful.

We are also concerned about the implications of the manner in which prejudicial exemption has been drafted. The proposed statement makes it clear that invoking the "Step 2" mechanism for omitting certain prejudicial disclosures would be rare, implying that aggregation will cure virtually all prejudicial disclosure issues. We do not believe this is valid and strongly disagree with the implication. For very large entities that may have multiple cases, aggregating disclosures could very well cure most of their prejudicial disclosures issues. However, for smaller entities, such as ours, which may have only one or two very large contingencies that are being litigated (or for which litigation has been threatened), aggregating those issues will do nothing to prevent a plaintiff from securing highly prejudicial information.

Furthermore, we are very concerned about the implications that invoking "Step 2" of the prejudicial exemption would be a "rare" occurrence under this proposed statement. Specifically, we are concerned how outside parties might interpret this provision. We believe that we would have invoked the "Step 2" prejudicial exemption for two specific contingency matters which we are currently involved with were the proposed rules currently in effect. Our concern is that interpreting what is a "rare" occurrence could needlessly put us at odds with our outside accountants and/or legal advisors.

We believe that the rules promulgated by SFAS No. 5 along with oversight by the Securities and Exchange Commission and public accounting firms ensure that entities are making appropriate accruals and disclosures for contingent liabilities.

Again, we would like to express our appreciation for the opportunity to make these comments and we would appreciate the Board's consideration of these matters.

Sincerely,

John D. Chandler,
Chief Financial Officer
Magellan Midstream Partners, L.P.

John H. Walkup,
Vice President and Controller
Magellan Midstream Partners, L.P.