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Matthew L. Schroeder
Managing Director
Accounting Policy



July 19, 2005

Mr. Lawrence W. Smith
Emerging Issues Task Force Chair
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Re: EITF Issue 04-13, *Accounting for Purchases and Sales of Inventory with the Same Counterparty*

Dear Mr. Smith:

Goldman Sachs appreciates the opportunity to comment on EITF Issue 04-13 (EITF 04-13). We are writing to address the broader topic of defining the “unit of account,” which is the underlying matter discussed in Issue 1 of EITF 04-13. This general issue also was raised by the SEC Staff in its recent *Report and Recommendations Pursuant to Section 401(c) of the Sarbanes-Oxley Act of 2002 On Arrangements with Off-Balance Sheet Implications, Special Purpose Entities, and Transparency of Filings by Issuers*.

EITF 04-13 lists specific indicators to be considered in conjunction with the “in contemplation” model. Similarly, in *Statement 133 Implementation Issue No. K1* (DIG Issue No. K1), the Derivatives Implementation Group provided indicators for determining whether separate transactions should be viewed as a single arrangement or unit. This topic is also addressed in paragraph 29 of the *Proposed Statement of Financial Accounting Standards: Consolidated Financial Statements Including Accounting and Reporting of Noncontrolling Interests in Subsidiaries* (Exposure Draft). Finally, EITF Issue 00-21, *Revenue Arrangements with Multiple Deliverables* discusses when such arrangements should be viewed as more than one unit of accounting. As summarized in Exhibit A to this letter, the factors enumerated in these documents, while having some intersection, are not consistent. Additionally, the documents diverge with regard to whether the presence of all, some or just one of the indicators is sufficient to view multiple arrangements as a single arrangement.

This “unit of account” question was also raised in EITF 02-2, *When Certain Contracts That Meet the Definition of Financial Instruments Should be Combined for Accounting Purposes*. While no consensus was reached on that issue, the Task Force “recommended that the Board undertake a project to develop comprehensive guidance for when arrangements should be combined for accounting purposes.” Since then, this issue has evolved piecemeal and increased in significance. Consequently, we recommend that this matter be added to the Board’s agenda to ensure that consistent principles are established.

We appreciate the opportunity to comment on this complex and important issue. If you have any questions or comments regarding our letter, please do not hesitate to contact me at 212-357-8437.

Sincerely,

/s/ Matt Schroeder
Matthew L. Schroeder