



October 29, 2008

Director
Financial Accounting Standards Board
401 Merritt 7
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File Reference No. EITF0807

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide its perspective on the draft abstract EITF Issue No. 08-7, "Accounting for Defensive Intangible Assets." The organization and operating procedures of the Committee are reflected in the attached Appendix A to this letter. These recommendations and comments represent the position of the Illinois CPA Society rather than any members of the Committee or of the organizations with which such members are associated.

We generally agree with the guidance in the draft abstract. However, we find the wording in paragraphs 9 and 10 to be confusing.

Paragraph 9 indicates that a defensive intangible should be accounted for as a separate unit of accounting because it is separately identifiable. We believe the defensive intangible asset should be analyzed under FASB Statement No. 141(R), *Business Combinations* to determine *if* the asset is identifiable (as defined by paragraph 3(k) of Statement 141R). We propose the following alternative wording:

9. A defensive intangible asset that is identifiable (as defined in Statement 141R) should be accounted for as a separate unit of accounting. It should not be combined with and included as part of the cost of the acquirer's existing intangible assets.

In paragraph 10, the draft abstract provides that the useful life of a defensive intangible asset should be determined in accordance with paragraph 11 of FASB Statement No. 142, *Goodwill and Other Intangible Assets*. However, paragraph 11 of the draft abstract proceeds to describe a proxy measure concept that is not contained in paragraph 11 of Statement 142. We propose expanding the bold text in paragraph 10 of the draft abstract to describe the proxy concept as follows:

10. When assigning a useful life to a defensive intangible asset in accordance with paragraph 11 of Statement 142, the entity shall estimate the period over which the defensive intangible asset will diminish in fair value as a proxy for the period over which the reporting entity expects a defensive intangible asset to contribute indirectly to the future cash flows of the entity.

We also suggest the EITF clarify whether this proxy is specific to defensive intangible assets or may be applied by analogy to other acquired intangible assets.

We appreciate the opportunity to offer our comments.

Sincerely,

John Hepp, CPA
Chair, Accounting Principles Committee



ILLINOIS CPA SOCIETY

APPENDIX A
ILLINOIS CPA SOCIETY
ACCOUNTING PRINCIPLES COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2008-2009

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times, includes a minority viewpoint.

Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional)

John A. Hepp, CPA	Grant Thornton LLP
Alvin W. Herbert, Jr., CPA	Retired/Clifton Gunderson LLP
Matthew G. Mitzen, CPA	Blackman Kallick LLP
Reva B. Steinberg, CPA	BDO Seidman LLP
Jeffrey P. Watson, CPA	Blackman Kallick LLP

Medium: (more than 40 employees)

Barbara Dennison, CPA	Selden Fox, Ltd.
Marvin A. Gordon, CPA	Frost, Ruttenberg & Rothblatt, P.C.
Ronald R. Knakmuhs, CPA	Miller, Cooper & Co. Ltd.

Small: (less than 40 employees)

Walter J. Jagiello, CPA	Walter J. Jagiello, CPA
Kathleen A. Musial, CPA	BIK & Company LLP

Industry:

John M. Becerril, CPA	Cabot Microelectronics
Gloria M. Evans-Melton, CPA	National Council of State Boards of Nursing
Melinda S. Henbest, CPA	The Boeing Co.
James B. Lindsey, CPA	TTX Company
Michael J. Maffei, CPA	GATX Corp.
Laura T. Naddy, CPA	Gaming Capital Group
Anthony Peters, CPA	McDonald's Corporation

Educators:

James L. Fuehrmeyer, Jr. CPA	University of Notre Dame
David L. Senteney, CPA	Ohio University
Leonard C. Soffer, CPA	University of Chicago

Staff Representatives:

Paul E. Pierson, CPA	Illinois CPA Society
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