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via e-mail: director@fasb.org

Mr. Russell Golden Technical Director Financial Accounting Standards Board 301 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

File Reference: No. 1840-100 Proposed Accounting Standards Update of Topic 450, *Disclosure of Certain Loss Contingencies*

Dear Mr. Golden

Dr Pepper Snapple Group, Inc. ("DPSG") appreciates the opportunity to comment on the July 20, 2010 Proposed Accounting Standards Update of Topic 450, *Contingencies* (the "Proposal"), issued by the Financial Accounting Standards Board ("FASB"). We have attached to this letter as Annex "A" our responses to the "Questions for Respondents in the Proposal.

DPSG is one of the largest beverage companies in the Americas. We manufacture, market and distribute more than 50 brands of carbonated soft drinks, juices, ready-to-drink teas, mixers and other premium beverages across the United States, Canada, Mexico and the Caribbean.

Overall, we support the FASB in its objective to develop accounting principles that enhance the transparency and relevance of financial statement disclosure. While the Proposal seems to have addressed some of the concerns that arose from the prior exposure draft issued in 2008, the disclosure provisions added to the Proposal are not acceptable. We find the Proposal unacceptable in the following areas, which will be addressed individually in this comment letter:

- (i) Disclosure of certain information required by the Proposal will not be useful to the financial statement reader and may tend to confuse or mislead the reader.
- (ii) Disclosure of certain information may be prejudicial to the disclosing party's case.
- (iii) The disclosures required may result in the waiver of attorney-client privilege.
- (iv) Because of the importance of this Proposal, its impact on a number of different constituencies, the time needed by the FASB to gather and carefully consider comments and the process that companies will have to undergo to comply with the final standard, we believe that it is prudent that the FASB delay implementation of this Proposal.

Usefulness of information

Generally, a financial statement user is basing his analysis on the base financial statements, in addition to the footnote disclosures. The greater the subjectivity in determining disclosures, the less reliance can be placed on the information. By its very nature, the evaluation of the magnitude and timing of any contingent liability associated with litigation is subjective and "ebbs and flows" as discovery occurs and, subsequently, when evidence is presented (or excluded from presentation) at trial. Consequently, the evaluation of the magnitude and timing of any contingent liability is difficult until a final non-appealable verdict is rendered or the staus of settlement discussions reach a stage where settlement is imminent and the liability amount is determinable within a reasonable range. Thus any disclosure of the magnitude and timing of any contingent liability within the tabular rollforward from period to period will likely change and some of the changes could be significant. Consequently, the disclosures are going to have limited usefulness in assisting the reader in evaluating the contingent liabilities of a company and could mislead a reader.

Second, disclosing remote contingencies, even though they potentially have a severe impact on a company, has the potential to mislead a reader in evaluating the effect of such remote contingencies on the company. Additionally, the position taken by the FASB in requiring disclosure of remote contingencies with "severe potential impact" necessarily leads to a conclusion that such contingencies are material. That conclusion is inconsistent with the meaning of "remote" adopted in other accounting literature — e.g. prior pronouncements by the Public Company Accounting Oversight Board in its determination of whether an internal control deficiency is material.

Third, for a reader to obtain information regarding pending cases, he would need only the parties to the litigation, the name of the court where the proceedings are pending and the cause number. Disclosure of other information provided by the rule is not necessary for a reader to find a case and is unnecessary to satisfy the stated purpose of the disclosure. Further, disclosure of the factual basis for the claim would likely require inclusion of the factual statements included in the petition, which could be quite lengthy and not particularly useful or understandable to the reader. Factual statements in a petition are, by their nature, unproven and one-sided allegations and are, therefore, subject to debate as to their accuracy. Furthermore, disclosure of the amount claimed by the plaintiff or the amount of damages indicated by the testimony of expert witnesses is information that is, again, necessarily self-serving, subjective in nature, subject to legal argument and potentially misleading to a reader.

Prejudicial information

A number of the disclosures required are likely to be prejudicial to a company's defense of a case if the information is disclosed. Included among those are:

- i. the basis for a company's defense or a statement that the entity has not yet formulated its defense;
- ii. information about a potential unfavorable outcome as it becomes available;
- iii. the anticipated timing of, or the next steps in, the resolution of individually material asserted litigation contingencies;
- iv. the possible loss or range of loss and the amount accrued, or any statement that an estimate cannot be made and the reason(s) why;
- v. information about possible recoveries from insurance and other sources only if it is discoverable by either the plaintiff or a regulatory agency; and
- vi. disclosures regarding an insurance company denying, contesting, or reserving its rights related to a company's claim for recovery.

The prejudicial nature of this information is readily apparent. Beyond that, the plaintiff's bar would be provided a roadmap for discovery and, worse, would potentially have the opportunity to pursue claims for inadequate disclosures as part of the litigation that gave rise to the contingency.

Waiver of attorney client privilege

A number of the required disclosures, including those discussed under prejudicial information above, will be based on attorney work product and attorney-client conversations regarding evaluation of the potential losses that are privileged. Consequently, it is likely that the attorney-client privilege will be waived with respect to matters related to the case. This will place any attorney in the unfortunate dilemma of having to advise his client that information provided to auditors regarding these matters will potentially result in the waiver of attorney-client privilege with respect to the litigation and have a "chilling" effect on disclosures made by attorneys.

Timing

There are a number of significant issues raised by the Proposal and adoption on an accelerated basis as proposed by the FASB will only limit thoughtful consideration and deliberation of the significant impact of these disclosures. Furthermore, if adopted in their present form, a company would necessarily have to review each of its cases to establish the basis for disclosure; this analysis would need to be ongoing. The initial input is substantial, but significant continuing effort will be required.

It seems prudent that the FASB should delay implementation rather than adopt a flawed Proposal that will have to be hastily implemented by companies at year end with actual costs to a company far outweighing any perceived benefits to the financial statement user. The current accounting standard for recording contingent liabilities, which is a standard similar to that promulgated in this Proposal, is sufficient until such time as the disclosures required by the Proposal can be modified so that a reader is provided useful financial information, the rights of a company to pursue or defend itself in litigation is not prejudiced and a company can still successfully assert attorney-client privilege with its legal counsel surrounding legal strategies and potential liabilities in litigation it is defending.

Sincerely,

James L. Baldwin, Jr.

Executive Vice President and General Counsel

Dr Pepper Snapple Group, Inc.

Angela Stephens

Senior Vice President - Controller

Dr Pepper Snapple Group, Inc.

APPENDIX A

FILE REFERENCE: No. 1840-100 PROPOSED ACCOUNTING STANDARDS UPDATE OF TOPIC 450, DISCLOSURE OF CERTAIN LOSS CONTINGENCIES

Question 1: Are the proposed disclosures operational? If not, please explain why?

We are concerned that the proposed disclosures are not operational for a multiple of reasons.

First, we believe the FASB is not providing sufficient time for their evaluation of the concerns of the various constituents impacted by this Proposal. Based on the responses received to date, the FASB should take a more measured approach, evaluate the comments received and determine if new disclosures truly make sense for all constituents, including the financial statement users. Striving for a 2010 effective date would not adequately address the shortcomings of the current Proposal.

Second, we believe the FASB is not providing sufficient time between the issuance and effective date of a final Update. This creates risk to companies in implementing the proposed requirements in a short period of time. These risks include insufficient internal controls over the completion of the proposed disclosure requirements, including ensuring the completeness and accuracy of the information presented. Additionally, answers will vary between external legal experts. Guidance from professional groups, such as the American Bar Association, should be issued before the implementation of the proposed contingency disclosures occurs. As a result of these viewpoints, we believe the FASB should consider a one-year deferral of the Proposal if no changes are made.

Finally, we believe the FASB is not appropriately weighing the additional costs versus the perceived benefits to the financial statement users. Companies will require time and money to develop new processes and internal controls to meet the proposed disclosure requirements and comply with Section 404 of the Sarbanes-Oxley Act of 2002. Companies will incur additional external legal costs in obtaining, compiling and verifying evidence that supports the enhanced disclosures for management and providing sufficient audit evidence for the companies' external auditors. External auditors will also increase their costs as auditors will institute additional audit procedures to corroborate management's assertions with respect to the expanded disclosures and to assess the completeness of those disclosures.

Question 2: Are the proposed disclosures auditable? If not, please explain why?

The proposed disclosures are auditable. However, the approach to audit the proposed disclosures would be a significant impact to companies. As discussed in our response to Question 1, there would be an increase in cost that should be considered. Additionally, as noted in our cover letter, information provided to auditors regarding these matters will potentially result in the waiver of attorney-client privilege with respect to the litigation and have a "chilling" effect on disclosures made by attorneys.

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Question 3: The June 2008 FASB Exposure Draft, Disclosure of Certain Loss
Contingencies, had proposed certain disclosures based on management's
predictions about a contingency's resolution. The amendments in this proposed
Update would eliminate those disclosure requirements such as estimating when
a loss contingency would be resolved and the entity's maximum exposure to
loss. Do you agree that an explicit exemption from disclosing information that
is "prejudicial" to the reporting entity is not necessary because the
amendments in this proposed Update would:

- a. Not require any new disclosures based on management's predictions about a contingency's resolution
- b. Generally focus on information that is publicly available
- c. Relate amounts already accrued in the financial statements
- d. Permit information to be presented on an aggregated basis with other similar loss contingencies?

We believe the Proposal would require new disclosures based on management's prediction about a contingency's resolution, which do not generally focus on information that is publicly available. As such, we believe an explicit exemption from disclosing information that is prejudicial to the company is absolutely necessary as noted in our response in the cover letter. Without such an exemption, the proposed disclosures could impact the outcome of the litigation and be detrimental to our shareholders.

Under the Proposal, disclosures in the tabular reconciliation could be aggregated with other similar types of loss contingencies in order to eliminate the prejudicial nature of the disclosure. Aggregation at this level could still be prejudicial for a company with a limited number or activity of contingencies, allowing information to be linked to specific contingencies.

We believe the current framework for disclosures related to loss contingencies provides sufficient information to financial statement users without being misleading.

Ouestion 4: Is the proposed effective date operational? If not, please explain why?

No, as discussed in our cover letter and our response to question 1.

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Question 5: Do you believe that the proposed disclosures will enhance and improve the information provided to financial statement users about the nature, potential magnitude, and potential timing (if known) of loss contingencies?

We believe the proposed disclosures do not sufficiently enhance and improve the information provided to financial statements users and believe that the potentially significant costs to each company outweigh any perceived usefulness of the information. Additionally, the proposed disclosures could be misleading to a financial statement user as a result of the evaluation of the magnitude and timing of any contingent liability associated with litigation. This evaluation is subjective and "ebbs and flows" as discovery occurs and evidence is presented (or excluded from presentation) at trial. Consequently, the evaluation of the magnitude and timing of any contingent liability is difficult until a final non-appealable verdict is rendered or settlement discussions reach a stage where settlement is imminent and the liability amount is determinable within a reasonable range. Thus any disclosure of the magnitude and timing of any contingent liability from period to period will likely change and some of the changes could be significant.

Question 6: Do you agree that nonpublic entities should be exempt from the tabular reconciliation disclosures required in the amendments in this proposed Update? If not, please explain why. Are there any other aspects of the amendments that should be applied differently to nonpublic entities? If so, please identify and explain why.

We believe that the tabular reconciliation disclosure requirements should be eliminated for all entities noted in the cover letter and above.

Question 7: The amendments in this proposed Update would defer the effective date for nonpublic entities for one year. Do you agree with the proposed deferral? If not, please explain why.

We believe the effective date should be deferred for all entities for the reasons noted in the cover letter and above.

Question 8: Do you believe that the proposed and existing XBRL elements are sufficient to meet the Securities and Exchange Commission's requirements to provide financial statement information in the XBRL interactive data format? If not, please explain why.

Although the current taxonomy contains certain XBRL elements that would provide summarized information for the contingencies disclosure in the XBRL interactive data format, the practice will be inconsistent between companies. Inconsistencies will develop as a result of various aggregation approaches or uniqueness of certain contingencies requiring customized tags. Ultimately, these inconsistencies will create an inability of financial statement users to compare financial statement data between companies, thus rendering one of the key points to XBRL moot.