SEARS

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Mr. Timothy S. Lucas
Director of Research and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856-5116

RE: FASB Project Proposals

Dear Mr. Lucas:

Sears, Roebuck and Co. is writing to provide its views on the proposal to add two potential major projects to the Board's agenda: *Reporting Information about the Financial Performance of Business Enterprises* and *Disclosure of Information about Intangible Assets Not Recognized in Financial Statements.* We do not support the addition of these proposals to the Board's agenda.

We believe the objectives for the proposals set forth by the Board are too ambitious and both project scopes are too broad. Furthermore, neither clearly sets forth the potential benefits to be derived by users of financial statements. Additionally, costs to preparers of implementing and complying with new accounting standards are always significant, and we fear the costs of complying with the rules resulting from these projects could substantially exceed any possible benefits.

We offer the following observations relative to each of the proposed agenda items:

1. *Reporting Information about the Financial Performance of Business Enterprises*

We do not believe there is a need for the FASB or others to comprehensively address the reporting of information for assessing financial performance of an enterprise. We believe GAAP financial statements provide relevant and reliable information for assessing financial performance. Even if it were appropriate to extend the scope of GAAP to "key financial measures (or indicators) that investors, creditors, and others use to assess and compare the performance of different enterprises in making rational investment decisions", this appears to be an issue for which consensus will be very difficult to achieve. We believe each investor has their own view as to what metrics are relevant and the relative importance of such metrics is subject to change over time. Assuming consensus on such a list could be reached, the subsequent requirement to develop acceptable definitions of such measurements would be another enormous undertaking. A requirement to disclose specified financial measures calculated in accordance with definitions set forth by the FASB runs the risk of being irrelevant to the investors of certain entities required to make such disclosures.

Rather than developing FASB rules, which would add to the current complexity and volume of disclosures already required, we believe the market already compels companies to disclose key performance measurements voluntarily. If certain performance measurements are meaningful to the market, the market will reward (via higher market values) those entities that make such disclosures voluntarily.

2. *Disclosure of Information About Intangible Assets not Recognized in Financial Statements*

As with the other project being considered for inclusion on the Board's agenda, we believe it is unlikely that meaningful and consistent metrics could be developed to achieve the objective of this project. The proposal would likely require an entity to value all of its recorded and unrecorded intangible assets on a regular basis. While we believe it will not be feasible to develop relevant information, we expect the potential cost to a large, complex entity of monitoring, capturing, valuing and reporting such information would be significant. In addition, we believe the valuation of individual internally generated intangibles is highly subjective, relying heavily on the use of financial models and management assumptions to provide values that will necessarily be incomparable across companies.

Sincerely,

Glenn R. Richter
Senior Vice President - Finance