

April 20, 2012

Technical Director File Reference No. 2012-100 Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

PricewaterhouseCoopers LLP appreciates the opportunity to comment on the FASB's proposed accounting standards update, *Testing Indefinite-Lived Intangible Assets for Impairment*. We commend the Board and its staff for responding expeditiously to constituent feedback that the indefinite-lived intangible asset impairment guidance will benefit from a qualitative assessment similar to the recently issued goodwill impairment guidance.

Overall, we support the use of a qualitative assessment that could result in an entity not having to measure the fair value of an indefinite-lived intangible asset in certain circumstances, such as when the asset's recently calculated fair value substantially exceeded its carrying amount and no significant adverse changes have since occurred. We believe that the proposed update effectively balances the need for detailed guidance with the benefits of applying an appropriate level of judgment. This should contribute to reduced cost and complexity of performing an impairment test for those assets.

We agree with the proposed examples of events and circumstances that should be considered when conducting the qualitative assessment. However, we believe that an entity should also consider relevant legal, regulatory, contractual, competitive, economic, and other factors, as mentioned in ASC 350-30-35-4, that it may have considered in making its determination that the useful life of the asset continues to be indefinite. Our responses to the Board's questions and other recommendations intended to improve the final standard are included as Appendix A.

Please contact Lawrence Dodyk at (973) 236-7213 or Douglas Parker at (973) 236-4707 if you have any questions regarding our comments.

Sincerely,

PricewaterhouseCoopers LLP



Appendix A - Responses to Questions

Question 1: Please describe the entity or individual responding to this request.

We are one of the largest audit firms in the country and we audit the U.S. GAAP financial statements of both private and public companies.

Question 2: For preparers, do you believe that the proposed amendments will reduce overall costs and complexity compared with existing guidance? If not, please explain why.

We are not a preparer, but have summarized our thoughts on this issue in our cover letter.

Question 3: For preparers, do you expect that your entity will choose to perform the qualitative assessment proposed in the amendments, or will your entity choose to proceed directly to performing the quantitative impairment test? Please explain.

Not applicable.

Question 4: For auditors, do you believe that the proposed amendments will reduce overall costs and complexity compared with existing guidance? If not, please explain why. Does your response differ based on whether the entity is public or nonpublic?

As compared to current guidance, we believe that the proposal will reduce the overall costs and complexity of applying the current indefinite-lived intangible asset impairment guidance for both public and nonpublic entities. We believe that the proposal will be most effective in situations where a recent fair value calculation demonstrates that the indefinite-lived intangible asset exceeded its carrying value by a substantial margin and no significant adverse changes have since occurred. We also believe, based on our experience with the recent amendments to the goodwill impairment guidance, that thoughtful and robust documentation to support the application of the proposal can contribute to the achievement of the overall cost savings.

Question 5: For users, how do you believe that the optional qualitative approach for evaluating indefinite-lived intangible assets for impairment will affect the timing of the recognition of impairment losses? Additionally, will the optional qualitative approach affect how you evaluate indefinite-lived intangible assets reported in the financial statements? If yes, please explain.

We are not a user. However, we do not believe that the proposed qualitative approach, applied and documented appropriately, should affect the timing of the recognition of impairment losses.

Question 6: Do you agree that the examples of events and circumstances in paragraph 350-20-35-3C(a) through (e) are helpful in assessing whether significant inputs to the fair value measurement have changed significantly to indicate that it is more likely than not that an indefinite-lived intangible asset is impaired? If not, what additional examples of events and circumstances do you suggest?

We agree that the proposed examples of events and circumstance to be assessed, which are not considered to be all-inclusive, are helpful in assessing whether significant inputs to an indefinite-lived intangible asset's fair value measurement have changed significantly to indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. However, we believe that consideration should also be given to relevant legal, regulatory, contractual, competitive, economic, and other factors that an entity may assess in making its determination that the useful life of the asset continues to be indefinite. We recommend the final standard include these factors.



Further, we believe that the omission of ASC 350-20-35-3C(g) from the list of examples might cause an entity to conclude that a sustained decrease in its share price need not or should not be evaluated when assessing whether it is more likely than not that an indefinite-lived intangible asset's fair value is less than its carrying amount. In some circumstances, an entity's share price may be linked closely with the fair value of its indefinite-lived intangible asset(s). This is more likely to be the case for smaller entities in industries such as technology, pharmaceutical, and life sciences where an entity's primary asset(s) may be an indefinite-lived intangible(s). Therefore, we recommend that the Board include a "sustained decrease in share price" among the examples of events and circumstances to be considered.

Question 7: Do you agree that nonpublic entities should be exempt from disclosing quantitative information about significant unobservable inputs used in measuring the fair value of an indefinite-lived intangible asset as required in paragraph 820-10-50-2(bbb), as amended by Accounting Standards Update No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs? If not, please explain why.

We agree that nonpublic entities should be exempt from disclosing quantitative information about significant unobservable inputs used in measuring the fair value of an indefinite-lived intangible asset.

Question 8: Do you agree with the proposed effective date provisions? If not, please explain why.

We agree with the proposed effective date, transition method, and early adoption provisions of the proposal.

Other recommendations

- (1) We recommend the Board replace the word "current" from the proposed ASC 350-30-35-18C with "its." This paragraph reads, in part: "If an entity has made a recent fair value calculation for an indefinite-lived intangible asset, it also should include, as a factor in its consideration, the difference between that fair value and the current carrying amount in reaching its conclusion about whether it is more likely than not that the indefinite-lived intangible asset is impaired." As drafted, this sentence implies that the amount of "cushion" for a given indefinite-lived intangible asset should be measured by comparing the asset's fair value, as determined by the most recent fair value calculation, to its current carrying amount as of the impairment test date. That comparison may not present an accurate picture of the available cushion if there have been changes to the asset's carrying amount, such as changes in the unit of account, which would also impact the current fair value.
- (2) We recommend that the Board remove the words "or its public accounting firm" from paragraph 7 of the basis for conclusion. We do not believe that the Board intended to provide guidance on how to audit the qualitative assessment.
- (3) We recommend that the Board replace the words "long-lived assets" with "goodwill and indefinite-lived intangible assets" in paragraph 14 of the basis for conclusion, as the optional qualitative assessment for impairment testing under U.S. GAAP would be applied consistently to these assets.