



Technical Director  
Financial Accounting Standards Board  
Re: File Reference EITF0701  
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We support the need for annual disclosures on the nature, purpose, rights and obligations of the collaborative arrangement. However we are concerned that some of the items listed in paragraph 19 could be competitively harmful and may result in a breach of contract. Often contracts include confidentiality provisions that prohibit the parties from discussing the status of the drug's progression or specific details of the arrangement with unrelated parties. Consequently, we ask the Task Force to reconsider requiring the following items:

- The stage of the underlying endeavor's life cycle (item c),
- Amounts attributable to transactions between participants to the collaborative arrangements (the second requirement in item e), and
- Amounts due from or owed to other participants under the collaborative arrangements (item f).

While evaluating the draft abstract we found ourselves questioning the relationship between the draft abstract and FIN 46 (R), *Consolidation of Variable Interest Entities*, and are curious as to whether the Task Force considered the interplay between two accounting standards. We have assumed that each of the collaborators in the examples would meet the definition of a business as described in Appendix C of FIN 46(R), and, consequently, are not within the scope of FIN 46(R). We have further assumed that if one of the collaborators is a variable interest entity (VIE), then the first step in accounting for collaborations is to determine whether the collaboration is a variable interest that absorbs a majority of the expected losses or receives a majority of the expected residual returns of the VIE. But we are not sure our assumptions are correct. The application of FIN 46(R) to collaborations has been very difficult and open to various interpretations. We believe that the Task Force reaching a consensus on the interplay between these two standards will greatly improve consistency in financial reporting.

We appreciate the opportunity to express our views and concerns regarding the draft abstract. If you have any questions regarding our response, or would like to discuss our comments further, please call me at (617)-679-3973.

Sincerely,



Michael F. MacLean  
Senior Vice President and  
Chief Accounting Officer