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Via email: director@fasb.org

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

**RE: File Reference No. 1890-100, Discussion Paper- Effective Dates and Transition Methods**

**tw telecom inc.** appreciates the opportunity to respond to the Financial Accounting Standards Board (the "FASB") regarding the Discussion Paper, Effective Dates and Transition Methods. **tw telecom inc.** is a leading national provider of managed network services, specializing in Ethernet and data networking, Internet access, local and long distance voice, virtual private network, voice over Internet protocol and network security services to enterprise organizations and communications services companies throughout the U.S. and, for IP-VPN services, to their global locations. In 2009, we reported revenue of \$1.1 billion and as of September 30, 2010, we had approximately 2,900 employees. We are a preparer of financial statements in accordance with U.S. GAAP and a publicly traded company listed on the Nasdaq Global Select Stock Market under the symbol TWTC.

Our preference for adoption of the standards outlined in the Discussion Paper would be a transitional approach over multiple years from the issuance of the final standard to adoption. We believe the extensive accounting changes as contemplated by the proposed standards are unprecedented. In comparison, the implementation of Sarbanes-Oxley requirements was significant for many companies but we believe the magnitude of those efforts will be dwarfed in comparison because of the significant activities and costs that the proposed changes will require.

Our responses to selected questions posed in the Discussion Paper are set forth in the attached Appendix.

Thank you for your consideration.

Sincerely,

/s/ Jill R. Stuart  
Jill R. Stuart  
Senior Vice President,  
Accounting and Finance and Chief Accounting Officer

## **Appendix**

### **Response to selected questions**

**Q1. Please describe the entity responding to this Discussion Paper.**

See first paragraph of this letter.

**Q1.e. Please describe the degree to which each of the proposed new standards will likely affect you and the factors driving that effect.**

We will be impacted to the greatest degree by the following proposed new standards: Leases, Revenue recognition, Financial statement presentation and Other comprehensive income. We expect these standards will substantially affect us, due to the significant number of operating leases and customer contracts that will be impacted.

**Q2. Focusing on only those proposals that have been published as Exposure Drafts (accounting for financial instruments, other comprehensive income, revenue recognition, and leases):**

- a. How much time will you need to learn about each proposal, appropriately train personnel, plan for, and implement or otherwise adapt to each new standard?**
- b. What are the types of costs you expect to incur in planning for and adapting to the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?**

A meaningful estimate of the time and costs to implement the proposed standards will require a thorough analysis and development of a detailed project plan which we have not undertaken, not unlike many other companies. Embarking on a plan of this magnitude requires a full understanding of the final standards which is not yet available. However, we expect the time and costs may be significant given the substantial changes to the accounting standards that are being proposed. We anticipate the types of activities that will drive both the time and costs to plan for, implement and train include the following, among others:

- A detailed assessment of the accounting and business impacts;
- Development and execution of a project plan;
- Collection of data and information for leases and customer contracts;
- Assessment of impact to IT systems and valuation and selection of software applications to support new accounting requirements;
- Upon system availability, design new processes, configure, test and implement software application;
- Establishment of new accounting policies and procedures;
- Assessment of impacts to contractual agreements, such as debt covenants and employee compensation plans, and possible modifications to such contracts;
- Development of new internal controls and testing procedures;
- Tagging of new data for XBRL purposes;
- Development of new financial statement disclosure;

- Additional audit procedures;
- Staff training;
- Financial statement user education;
- Education of other stakeholders; and
- Maintaining dual sets of books

Given the above activities, we expect the types of costs to be incurred include, but may not be limited to, the following:

- Human capital- internal and external resources, including IT, procurement, accounting and legal
- System costs- existing systems and new systems
- Training
- Additional audit fees

**Q4. In the context of a broad implementation plan covering all the new requirements, do you agree with the transition method as proposed for each project? If not, what changes would you recommend and why? In particular, please explain the primary advantages of your recommended changes and their affect on the cost of adapting to the new reporting requirements.**

We generally agree with the transition methods proposed. We believe the comparability of financial information is of utmost importance for the users of our financial statements which would require a full retrospective approach for the proposed standards.

**Q5. In thinking about an overall implementation plan covering all of the standards that are the subject of this Discussion Paper:**

- a. Do you prefer the single date approach or the sequential approach? Why?**
- b. Under a single date approach, what should the mandatory effective date be and why?**
- c. Under the sequential approach, how should the new standards be sequenced and what should the mandatory effective dates for each group be?**

We recognize that companies have different circumstances and there will not be a single transition method that meets everyone's preferences. However, we believe that for us a sequential approach would result in a higher quality implementation than a single date approach. A sequential approach would allow us the greatest opportunity to manage the necessary human capital, the change process and the cost of implementation. We believe that adoption of extensive changes in accounting standards on a single date would result in a very complex, risky implementation. We also believe that the sequential approach will allow users of financial statements the time to absorb and understand the implication of each change.

Our preference for sequencing of the standards would be other comprehensive income, leases, revenue recognition and financial statement presentation. We strongly believe that the financial statement presentation project should be implemented last because users would be better able to understand the underlying accounting changes if presented in a manner to which they are accustomed.

Because the other comprehensive income proposal impacts us to a lesser degree, we believe we could adopt this standard within a year after issuance of the final standard. For all other standards, we believe that the mandatory effective dates should be over multiple years, up to as many as six years from the issuance of the final standards for adoption of the first standard. This would allow companies at least three years before they would need to begin accounting for the new standard on dual sets of books. We believe for subsequent adoptions, the adoption interval could be shorter as presumably companies could begin some work during the time from issuance of the first standard to adoption. Once the final standards are issued, companies will need time to fit these projects into their technology roadmaps in a manner that does not sacrifice other operationally related technology projects that may provide greater value to shareholders. Currently software is not commercially available to handle the proposed standards. Implementation of new system functionality to handle the new accounting requirements may necessitate that companies upgrade or re-implement their current ERP solutions, which may take multiple years.