



Via e-mail to: [director@fasb.org](mailto:director@fasb.org)

June 1, 2011

Technical Director  
Financial Accounting Standard Board  
401 Merritt, 7  
PO Box 5116  
Norwalk, CN 06856-5116

File Reference No. 2011-180  
Exposure Draft: Testing Goodwill for Impairment

Dear Board Members and Staff,

We are pleased to have this opportunity to comment on the proposed accounting standards update, "Testing Goodwill for Impairment."

Our responses to the questions asked within the Exposure Draft referenced above are set forth below:

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

- a. *Please indicate whether you primarily are a preparer, user, or auditor of financial statements or, if other, please specify.*
- b. *If you are a preparer of financial statements, please indicate whether your entity is public or nonpublic and describe your primary business and its size (in terms of annual revenue, the number of employees, or other relevant metric).*
- c. *If you are an auditor, please describe the size of your firm (in terms of number of partners or other relevant metric) and indicate whether your practice focuses primarily on public entities, nonpublic entities, or both.*
- d. *If you are a user of financial statements, please indicate in what capacity (for example, investor, analyst, or rating agency) and where in the capital structure you are most focused (for example, debt or equity).*

We are a preparer of financial statements in accordance with U.S. GAAP. We are also a user of financial statements, as we are regularly considering and evaluating potential acquisitions for strategic purposes, as part of our continuing effort to acquire companies that complement or support our current operations. Also, we extensively use financial statements prepared by our customers, vendors and joint venture partners in order to assess their financial ability to meet their commitments to us.

URS Corporation (NYSE: URS) is a leading international provider of engineering, construction and technical services. We offer a broad range of program management, planning, design, engineering, construction and construction



management, operations and maintenance, and decommissioning and closure services to public agencies and private sector clients around the world. We also are a major United States (“U.S.”) federal government contractor in the areas of systems engineering and technical assistance, construction and operations and maintenance. Our annual revenues are over \$9 billion. We have more than 46,000 employees in a global network of offices and contract-specific job sites in more than 40 countries.

***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.*

Yes, we believe that the proposed amendments will reduce overall costs and complexity as they would eliminate the rigorous valuation process that is required in order to provide quantitative proof that goodwill is not more likely than not impaired, or as described in the Step 1 test, that the carrying values of the reporting units are not greater than their fair values.

In order to meet the requirements of the first step of the two-step goodwill impairment test, we undergo a long, complex and onerous valuation process for seven reporting units from our three business segments. It requires a significant analysis and documentation process, which includes coordinating, collecting, and validating the financial and operating forecasts, cash flow projections, and various other data for each of the reporting units and reconciling them to the Corporate Office’s consolidated business plan from the current fiscal year to ten years forward. Our auditors then perform a rigorous review of our internal documentation. Our auditors, our SEC Reporting Department staff, controllers of our three segments and our Chief Accounting Officer review the analyses and valuations performed by our third party valuation experts. Our valuation process typically begins in October after preliminary financial plans for the following year are prepared. The final valuation process is completed in mid-February for our fiscal year end Form 10-K filing.

Simplifying the analysis of goodwill impairment by allowing an entity to qualitatively determine whether it is more likely than not that impairment exists, taking into account factors as outlined in the proposed standard (ASC 350-20-35C), should reduce the cost and complexity of the process. If management determines that there is greater than 50% likelihood that goodwill is not impaired, then the company would not need to perform any impairment analyses in accordance with the two-step process.

***Question 3:*** *For preparers, do you expect your entity will choose to perform the qualitative assessment proposed in the amendments, or will your entity choose to proceed directly to performing the first step of the two-step impairment test? Please explain.*

We would choose to perform the qualitative assessment proposed in the amendments rather than perform the first step of the two-step impairment test. However, to ensure a successful transition, we would first implement robust policies and procedures on assessing impairment based on qualitative factors that will stand up to audit and SEC scrutiny. The document would also provide guidance as to when to perform Step 1 of the impairment test.



Furthermore, we would utilize several quantitative metrics, such as current market capitalization, premiums paid in comparable M&A transactions, and other evidence that can be used in conjunction with the qualitative factors, that should be assessed in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill.

**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?*

This question is not applicable to us.

**Question 5:** *For users, do you believe that the qualitative approach for testing goodwill for impairment will delay the recognition of goodwill impairment losses or affect how you evaluate goodwill reported in the financial statements? If yes, please explain.*

When we evaluate customers, vendors and joint venture partners to assess their financial ability to meet their commitments to us, we review their financial risk profile, which includes assessing various financial ratios, considering their reputation in the industry, evaluating their historical liquidity and many other factors. When we assess a company for potential acquisition, we also look at factors, such as whether the company has a healthy book of business and evaluate whether their assets are impaired, among other things. For larger acquisitions, we engage outside consultants to value the target company's assets and liabilities in deriving the acquired goodwill. Therefore, we do not believe the proposed amendments will impact how we evaluate goodwill reported in the financial statements.

We do not believe that the qualitative approach for testing goodwill for impairment will delay the recognition of goodwill impairment losses. The anti-fraud statute is meant to deter manipulation of financial reports and to promote fair and full disclosure by public companies. While it may seem at times that specific regulations go well beyond such goals, and while no simple method of compliance is guaranteed, the anti-fraud policy of full disclosure should guide financial statement preparers and ward off regulatory mishaps.

**Question 6:** *Do you agree that the proposed examples of events and circumstances to be assessed are adequate? If not, what changes do you suggest?*

The list of qualitative factors is adequate and does not require further elaboration as it encompasses a wide span of events and circumstances that occur in a normal business environment. It also extends to other unnamed relevant events and conditions based on the caveat in ASC 350-20-35-3F and that those examples listed are not intended to be all-inclusive.



**Question 7:** *Do you agree that the guidance in the proposed amendments about how an entity should assess relevant events or circumstances is clear? If not, how can the guidance be improved?*

We believe that the guidance in the proposed amendments about how an entity assesses relevant events or circumstances is clear.

**Question 8:** *Do you agree with the Board's decision to make the proposed amendments applicable to both public entities and nonpublic entities? If not, please explain why.*

We agree with the Board's decision to make the proposed amendments applicable to both public entities and nonpublic entities so that the benefits of the proposed amendments are inclusive to all types of entities. This will help us in aligning the accounting and policies with respect to goodwill impairment analysis when we acquire nonpublic entities. In addition, as a public company, we compete directly with several large, nonpublic companies. As a matter of principle, we are opposed to separate accounting standards for nonpublic companies, on any topic, as such differences would make our financial statements non-comparable to many of our direct competitors and may create competitive disadvantages for public companies.

**Question 9:** *Do you agree with the proposed effective date provisions? If not, please explain why.*

We agree with the Board's proposal that the proposed amendments be effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The proposed amendments are fairly easy to implement and will not require an extended effective date. We agree that early adoption should be permitted.

Thank you for your consideration of our comments. We welcome the opportunity to discuss them with you.

Sincerely,

A handwritten signature in black ink that reads 'Reed N. Brimhall'.

Reed N. Brimhall  
Vice-President, Controller and  
Chief Accounting Officer