

October 27, 2004

Letter of Comment No: 82
File Reference: EITF03-1A

Director, TA&I – FSP
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Comments on Proposed Financial Accounting Standards Board (FASB) Staff Position (FSP) relating to the Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments”

The undersigned wishes to comment on behalf of The Boeing Company on the proposed FSP issued by the FASB related to the implementation guidance for application of paragraph 16 of EITF Issue 03-1. We applaud the FASB’s efforts to provide more specific accounting guidance related to impairment of debt securities, and provide the following comments:

Question 1: We agree that the investor should assert its ability and intent to hold to a forecasted recovery at the individual security level as opposed to the portfolio level.

Question 2: Guidance in paragraph 5 of the proposed FSP indicates that an investor holding a debt security with a *minor impairment* due to changes in interest rates or sector spreads need not put forth an assertion about the ability and intent to hold that security through a forecasted recovery period. Other accounting pronouncements state that their provisions need not be applied to *immaterial* amounts. Therefore, we believe the focus of an impairment analysis per EITF 03-1 should be on material amounts consistent with existing authoritative accounting literature; the terminology of “minor impairments” should not be used. We also believe that the concept of focusing on material amounts should be applied to all securities covered by EITF 03-1, not just debt securities covered under paragraph 16.

Question 3(a): We agree that an impairment is considered other-than-temporary when an investor changes its assertion about its ability and intent to hold the investment to a forecasted recovery, and in the case of an impaired security that is going to be sold, the investor should recognize the impairment when the decision to sell the security is made.

Question 3(b): Paragraph 7 of the proposed FSP lists the following three circumstances, in addition to those discussed in paragraphs 8 and 11 of Statement 115, that would not call into question the investor’s intent and ability to hold other securities to recovery upon the sale of an impaired security for which an investor previously asserted its ability and intent to hold to a forecasted recovery:

- Unexpected and significant changes in liquidity needs,
- Unexpected and significant increases in interest rates and/or sector spreads that significantly extend the period that a security would need to be held by the investor, and
- A de minimis volume of sales of securities.

We believe these three additional circumstances should also apply when assessing the investor’s ability and intent to hold other securities to maturity upon the sale of a held-to-maturity security.

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We appreciate the opportunity to comment on this topic.

Sincerely,

/s/

Harry S. McGee
Vice President Finance and Corporate Controller
The Boeing Company