

December 14, 2006

Mr. Lawrence W. Smith
Director, TA&I – FSP
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116



LETTER OF COMMENT NO. /

File Reference No. FSP 144-c
Re: Proposed FASB Staff Position No. FAS 144-c

Dear Mr. Smith:

Deloitte & Touche LLP is pleased to comment on proposed FASB Staff Position No. FAS 144-c, "Classifying and Accounting for a Depreciable Asset as Held-for-Sale When an Equity Method Investment Is Obtained" (the "proposed FSP").

We support the issuance of FSP FAS 144-c as a final position of the FASB staff. However, we believe that the following suggestions would improve the proposed FSP:

Scope

The proposed FSP only uses the term "long-lived asset" when defining its scope. However, FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, uses both this term and the term "asset group" when referring to a group of long-lived assets to be classified as held-for-sale. We recommend that the staff add the term "asset group" to the proposed FSP.

Transition

The transition guidance in the proposed FSP allows entities to maintain their current accounting policy for depreciating long-lived assets that were classified as held-for-sale prior to the effective date of the proposed FSP. We suggest that the proposed FSP require all entities either (1) to cease depreciating assets that were classified as held-for-sale upon the date of adoption of the proposed FSP or (2) to apply the provisions of the proposed FSP retroactively.

Consider the following example:

Company A (A) has two wholly owned subsidiaries, Subsidiary B (B) and Subsidiary C (C), which have a similar balance of assets and similar depreciation expense recorded each year. On October 30, 2006, A agreed to sell a 70 percent interest in B to an unrelated third party and determined that B met the criteria to be classified as held-for-sale in accordance with paragraph 30 of Statement 144. Based on its accounting policy at the time, A chose to continue to record depreciation on the assets of B. On February 1, 2007, A agreed to sell a 70 percent interest in C to a different unrelated third party and determined that C also met the criteria to be classified as

held-for-sale. However, by this date, A had adopted the provisions of FSP FAS 144-c and therefore was not allowed to record the depreciation expense associated with the assets of C. Subsidiary B was still classified as held-for-sale at this date.

We believe that allowing entities to have different accounting policies for separate assets classified as held-for-sale before and after the adoption of the proposed FSP does not contribute to the consistency or comparability of the entities' financial statements.

We appreciate the opportunity to comment on proposed FSP FAS 144-c. If you have any questions concerning our comments, please contact Dawn Trapani at (203) 761-3697.

Yours truly,

Deloitte & Touche LLP

cc: James Johnson