## BAKER NEWMAN NOYES ...

INTEGRITY - SOLUTIONS

January 13, 2009

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116



File reference: Proposed FSP FAS 107-a

Thank you for allowing our firm the opportunity to comment on the proposed FSP 107-a.

Baker Newman & Noyes has three offices in Maine and New Hampshire and serves numerous private companies and financial institutions throughout New England.

Our firm takes quality financial reporting seriously and our clients have told us repeatedly over the years that they "want to do the right thing." However, we believe the proposed FSP will be too burdensome on our private company clients and provide no benefit to the users of those financial statements. Our specific comments follow.

Regarding question 1, we do not believe requiring disclosure of the "incurred loss amount" would improve the quality of financial reporting because "incurred loss amount" is a new concept that is not fully developed. Comparability may suffer. Even a universal application of "fair value" has not been fully settled.

On question 2, should the proposed FSP take effect, we agree that the disclosures excluded are appropriate. For assets measured at fair value, this proposed FSP would perhaps be misinterpreted as implying that "incurred loss" is a better measure than fair value.

Furthermore, we do not believe the pro forma income disclosures cited in questions 3 and 4 are appropriate. Financial statements already present net income and comprehensive income. Disclosure of pro forma net income including other adjustments will not improve the understandability to users of our clients' financial statements.

We strongly object to the effective date of the proposed FSP. Our clients will need to develop new methods and systems to determine the incurred loss amounts as of December 31, 2008 as well as December 31, 2007 (to disclose the pro-forma income amounts) in a very short time frame. In addition, they are already dealing with other difficult accounting questions such as fair value of investments, other than temporary impairment of investments, and valuation of intangible assets. Furthermore, we have had no discussions with users of our clients' financial statements where such users indicated they are unable to evaluate our clients' creditworthiness or financial health without the information required by the proposed FSP.

Thank you for allowing us to comment on this proposed FSP. If you have questions or would like further information from our firm, please contact me at (207) 871-2100.

Sincerely,

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