12001 Tech Center Drive Livonia, MI 48150



August 15, 2008



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

Re: File Reference Number 1590-100, Proposed Statement of Financial Accounting Standards,

Accounting for Hedging Activities, an Amendment of FASB Statement No. 133 ("the

Proposed Standard")

Dear Mr. Golden:

TRW Automotive Holdings Corporation ("TRW") appreciates the opportunity to comment on the Proposed Standard. TRW is among the world's largest suppliers of automotive systems, modules, and components to global automotive manufacturers and related aftermarkets. TRW globally supplies more than 40 major automotive manufacturers, with primarily safety-related products, both active (primarily braking and steering) and passive (primarily air bags, seat belts, and safety electronics). As a result, TRW utilizes derivative instruments to manage risks associated with foreign currency, interest rate, and commodity prices.

TRW supports the stated objectives of the Proposed Standard, and believes that simplification of derivative accounting, resolving major derivative accounting practice issues, and providing additional information on derivative instruments to users of financial statements would improve the overall quality of financial reporting.

However, we believe that the Proposed Standard does not meet the stated objectives of simplifying accounting for hedging activities, and will instead require TRW to make significant modifications to its hedging strategies, even though they are economically effective. In addition, we believe that the Proposed Standard does not resolve the major practice issues that it intends to resolve, and creates additional practice issues for derivative accounting, as further discussed below. We also believe that the Proposed Standard does not improve the financial reporting of hedging activities for users of financial statements. Finally, we believe that the Proposed Standard would result in significant cost to TRW, including costs associated with making changes to computer systems, documentation of hedge accounting, and risk management approaches, in comparison to the benefits that would be derived from the Proposed Standard.

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Our concerns fall into five categories, as further enumerated below.

Dedesignation of Hedging Relationship

Under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS No. 133"), entities are allowed to dedesignate hedges (as noted in paragraph 25c, 32c, and 36A). For example, Paragraph 36A of SFAS No. 133, allows entities to enter into a single cash flow hedge for a forecasted transaction in a foreign currency, and the resulting asset or liability acquired. The hedge allows an entity to either hedge the entire forecasted transaction, including both a sale/purchase and a receivable/payable, or to hedge the forecasted transaction and then dedesignate the hedge once the forecasted transaction has occurred.

Under paragraphs 14 and 15 of the Proposed Standard, and as further elaborated in Appendix B of the Proposed Standard, the ability to dedesignate hedges is removed, and the ability to discontinue prospectively a hedging relationship is curtailed to either (1) when the hedge no longer qualifies for fair value or cash flow hedge accounting (as noted in paragraphs 20-21 and 28-29 of SFAS No. 133) or (2) when the hedging instrument expires, is sold, terminates, or is exercised.

Under the Proposed Standard, TRW believes that, in order to qualify for dedesignation for the forecasted transaction, it will be required to incur additional expense, in order to document the circumstances that indicate that it meets the criteria to discontinue prospectively, in comparison to the guidance provided in SFAS No. 133, which allows entities to dedesignate for any reason that it chooses.

Therefore, we would propose that entities should retain the ability to dedesignate fair value and cash flow hedges. We would also propose, in order to meet the Proposed Standard's objective of having the accounting treatment of the transaction reflect the economic substance of the transaction, that the Board require the documentation of a "dedesignation date" in the formal documentation that is created at the start of the hedging relationship.

In addition, we are concerned that there is inconsistency with how SFAS No. 133 is being revised, as noted in Appendix B. In particular, the Proposed Standard would strike out the ability to dedesignate fair value hedges (paragraph 25c of SFAS 133, paragraph B1(d) of the Proposed Standard) and cash flow hedges (paragraph 32c and paragraph B1(f), respectively), but does not also amend paragraph 36A, which allows dedesignation of foreign currency forecasted transactions. However, upon reading paragraphs 14 and 15 of the Proposed Standard, it would appear as though dedesignation of foreign currency forecasted transactions would not be allowed. TRW believes that, if the FASB chooses to limit the ability of users of hedges to dedesignate, all abilities to dedesignate, except for the limited exceptions noted in paragraphs 14 and 15, should be removed, in order to promote clarity in the standard and remove potential inconsistencies in application. We would suggest that the FASB, once a decision is reached on whether to continue to permit dedesignation of foreign currency forecasted transactions, modify the Proposed Standard to conform to its ultimate decision.

Hedging of Intercompany Transactions

TRW notes that, in Appendix B of the Proposed Standard, paragraph 40 is amended to require that hedges of forecasted intercompany transactions must present an exposure to variations in cash flows that could affect reported earnings at the level being reported on. We further note that, in Appendix A, the proposed amendment to paragraph 40 is believed to be a "clarifying amendment," to reflect the true intent of the paragraph.

Our review of the preliminary interpretative guidance surrounding the amendment to paragraph 40, and the related guidance in paragraph 29(c), suggests that there is significant diversity of practice in the implementation of this guidance. We note that one of the major accounting firms believe this to be a significant change to the types of intercompany transactions that can be designated as hedged risks, while other interpretations are that this does not represent a significant change, as noted in the Summary to the Proposed Standard. Therefore, TRW believes that the proposed amendment to paragraph 40 represents something much more significant than a simple clarifying amendment. We believe that the proposed amendment to paragraph 40 may represent a fundamental, and limiting, change for numerous companies, with regards to the types of intercompany transactions can be designated as hedged risks.

We would propose that the amendment to paragraph 40 be removed from the Proposed Standard. If the FASB wishes to retain the amendment, we would strongly suggest that the FASB provide transition guidance to companies who operate on a global basis, as well as provide specific examples as to what intercompany transactions the FASB believes would be allowed to be hedged under the Proposed Standard.

Hedged Risks

TRW believes that the usefulness of financial statements to users would be impaired by the elimination of the ability to designate individual risks as the hedged risk in a fair value or cash flow hedge. This change limits the usefulness of legitimate risk management techniques, by requiring the reporting of non-hedged risks, which would ultimately require TRW to make a decision to either commit additional resources to modify existing hedging strategies and instruments for risks that are not a component of the original hedging objective, or to accept greater volatility in our Statement of Operations.

We believe that the Proposed Standard would make it significantly more difficult for TRW to qualify for hedge accounting to hedge its risks, even with the concessions that the Proposed Standard would make in terms of hedging instruments being reasonably effective (as opposed to the highly effective standard currently employed in SFAS No. 133). Whichever decision the Company makes, it would appear as if our risk management decisions would be driven by accounting standards, rather than by the original objective of minimizing the stated risk. The objective, in the Proposed Standard, of eliminating the individual risks is that it is consistent with the goal of measuring all financial instruments at fair value. In accordance with the Proposed Standard, only those instruments designated as hedged items would have their carrying value adjusted; however, the carrying amounts would not necessarily be equivalent to fair value, such as in the case of late hedges. TRW believes that fair value guidance should not be contained in the Proposed Standard, but should be guided by FASB Statement No. 157, Fair Value Measurements ("SFAS No. 157"). For this reason, we believe that the Proposed Standard deviates from its goal of resolving practice issues, simplifying hedge accounting, and improving financial reporting.

Convergence with International Financial Reporting Standards

As noted in the summary to the Proposed Standard, the changes enumerated in the Proposed Standard to hedging activities would diverge from the current accounting requirements contained in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). As further noted in the summary, the IASB currently has a discussion paper which could change the currently existing guidance in IAS 39. It is possible that the resulting standard issued by the IASB would result in a

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divergence between U.S. generally accepted accounting principles (U.S. GAAP) and International Financial Reporting Standards.

As a result of the Proposed Standard, TRW is concerned that changes to risk management strategies, the underlying accounting for hedging relationships, and documentation of hedging relationships, would be necessary in order to comply with the Proposed Standard, and then further changes would be necessary once the FASB and the IASB converge their respective hedge accounting rules. Multiple changes to hedge accounting would result in additional expense to TRW, as a result of the changes in systems and strategies that such a change would require.

We would strongly suggest that the FASB and the IASB work together to jointly collaborate on any revisions to the accounting for hedging activities under SFAS No. 133 and IAS 39; in lieu of this collaboration, we would suggest that the FASB delay issuance of this standard until the IASB comes to a decision about how it wishes to change hedge accounting requirements, and consider the IASB decision in its deliberations on the Proposed Standard.

Effective Date and Transition

The Proposed Standard would require implementation for periods beginning after June 15, 2009. We do not believe that the proposed effective date would provide enough time for TRW to implement the Proposed Standard in a cost-effective manner. We believe that the time and cost of dedesignating, and redesignating, all of TRW's existing hedging relationships, along with the necessary changes to TRW's risk management procedures, computer systems, and accounting procedures that would be required, would result in substantial cost to TRW.

We would propose that the implementation period either be delayed, perhaps for periods beginning after June 15, 2010, that the Proposed Standard be applied prospectively, for new derivative instruments entered into after June 15, 2009, or that a two-tiered implementation, similar to what has been provided for in SFAS No. 157, be implemented; for example, the standard would be applicable for new derivative instruments entered into after June 15, 2009, and all derivative instruments beginning in periods after June 15, 2010.

We thank the Board for its consideration of our comments and recommendations, and would be pleased to discuss these issues in more detail with the Board or its staff at your convenience.

Sincerely,

Tammy Mitchell, CPA

Vice President and Controller TRW Automotive Holdings, Inc.

Tammy S. Mitchell

Peter Rapin

Vice President, Treasury

TRW Automotive Holdings, Inc.