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LETTER OF COMMENT NO. 317

April 6, 2009

Mr. Russell G. Golden
Director of Technical Application & Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed FSP No. FAS 115-a, FAS 124-a, and EITF 99-20-b

Dear Mr. Golden:

General Electric wishes to share its views on recent developments related to the proposed FASB Staff Position ("FSP") No. FAS 115-a, FAS 124-a, and EITF 99-20-b, Recognition and Presentation of Other-Than-Temporary Impairments (the "Proposed FSP"). We are generally supportive of the Board's efforts to address the underlying issues with the impairment model for securities in a timely and expeditious manner. However, we have significant concerns with a late change to the transition provisions of the Proposed FSP that would require entities to retrospectively apply its provisions by recording a cumulative effect adjustment as of the beginning of the entity's fiscal year.

While we understand that there may be a benefit to some financial institutions from the cumulative effect transition and that it appears to increase comparability across those entities in periods after adoption, we believe that there also are other aspects that adversely affect comparability, impose significant costs and raise implementation issues for other affected entities, with no perceived benefit to users of their financial statements. We ask that the Board consider the following:

- From a US GAAP standpoint, the proposal has no beneficial effect on equity: it simply reallocates a previously recognized impairment from retained earnings to Other Comprehensive Income. While the change may improve

the capital adequacy ratios of some financial institutions from a regulatory standpoint, that is not a consideration that is within the purview of the FASB. We also observe that the change does not affect the tangible net capital of those entities. As the Staff observed, this change puts those entities that appropriately dealt with OTT impairment issues in 2008 in the position of potentially having to recognize a second impairment charge in 2009 or beyond. This appears to be punitive to those companies.

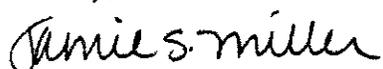
- In adopting this change, earnings in 2008 (when significant OTT impairments were being recorded by many companies) are, by definition, not comparable to 2009, as the former includes impairment charges that were subsequently reversed in equity, and the latter could include some or all of those same impairment charges. We believe that it is likely that at least some investors will not understand why this is occurring and will react negatively to additional charges that will inevitably result from the restoration of the previous carrying amounts, adjusted for credit losses. Likewise, the amounts of interest income recorded on the affected securities will not be comparable between 2008 and 2009.
- We believe that there are important operational issues associated with a retrospective approach that do not appear to have been considered in reaching this decision. These include the time and effort that would be required to compute the amount of the credit impairment that would have been recorded in accordance with the guidance in the FSP. While this issue would need to be addressed prospectively for new credit events, application to prior impairments potentially involves a larger population of instruments. Assuming the computations are performed as of the beginning of the reporting period, another difficulty implicit in this approach is the inability to divine management intent at that point in time. Such challenges, in our view, dilute the information value of a cumulative effect transition approach. While for some entities, the perceived benefit may appear to exceed the costs of addressing issues such as these, it is not universally so.
- We note that the cumulative effect transition provision adopted at last week's Board meeting was not identified as an alternative in the proposed FSP and, as a result, those who might have disagreed with it did not have the opportunity to provide comments. We think if that option had been identified, the Board would have had a more fulsome understanding of constituent views on this issue and potentially could have reached a different decision.

We recognize that transition provisions are among the more difficult and judgmental aspects of standard setting and are often the result of careful compromises between the conceptual objectives of the standard and more practical considerations. We also would understand that there might be a reluctance to take away a provision that was actively sought by some respondents.

That said, we believe it would be fair and more in keeping with the Board's due process procedures to at least permit entities to use the transition option that was exposed for public comment and which was supported by many other respondents. We observe that multiple transition options have been permitted in the past, when conditions warranted. Given the abbreviated due process and short amount of time for implementation, providing the option is warranted in this circumstance.

For the reasons stated above, we urge the Board to reconsider its view on the transition provisions of the Proposed FSP. Please feel free to contact me at (203) 373-2444 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Jamie S. Miller". The signature is written in a cursive, flowing style.

Jamie S. Miller