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Margaret M. Smyth Vice President, Controller

December 5, 2008

Submitted via email (to director@fasb.org) and ordinary mail

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

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LETTER OF COMMENT NO. \2

Reference: File Reference No. 1240-100

United Technologies Corporation (UTC) welcomes the opportunity to share its views on the proposed statement "Earnings per Share" (the ED). UTC is a \$60 billion global provider of high technology products and services to the building systems and aerospace industries, operating in 186 countries around the world.

We applaud the Board's efforts to issue a converged standard with International Financial Reporting Standards (IFRS) on calculating and reporting Earnings per Share (EPS). However, the objective of the short-term convergence project to arrive at the same EPS denominator may not be achieved due to remaining differences in the underlying accounting for certain instruments. We believe that finalizing other convergence projects, such as liabilities and equity and financial statement presentation, is required to meet the objective of achieving convergence in the calculation of EPS.

We have provided responses to the specific questions the Board requested comment on in Attachment A to this letter. In summary, we recommend the FASB consider the following:

- 1. Defer finalizing a revised standard until other convergence projects are completed (Liabilities and Equity and Financial Statement Presentation).
- 2. Do not change the basic EPS calculation. Changing this calculation to make it more complex appears to be counter-intuitive to the objective of the standard. We recommend that the FASB continue to utilize the basic EPS calculation provided under the original standard.
- 3. Do not modify the calculation of potentially dilutive shares by using the end-of-period market price, rather than an average price, for the period. Doing such does not simplify the calculation. Moreover, we believe it will create more EPS volatility during turbulent market conditions.

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

Sincerely,

Margaret M. Smyth

Vice President, Controller

United Technologies Corporation

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Issue 1 – Do you agree that the fair value changes sufficiently reflect the effect of those instruments on current shareholders and that recognizing those changes in earnings eliminates the need to include those instruments in determining the denominator of EPS or in computing EPS under the two-class method? If not, why not?

Yes we agree.

Issue 2 – In computing diluted EPS, dilutive potential common shares and potential participating securities are assumed to be outstanding. This proposed Statement would clarify that an entity would not reduce income from continuing operations (or net income) by the amount of additional dividends that would be assumed to be declared for potential common shares or potential participating securities that are assumed to be outstanding. The Board reasoned that an entity may make a different decision on the per-share amount of dividends declared if that per-share amount was distributed to all potential common shares or participating securities. Do you agree? If not, why not?

We agree that income should not be reduced by the amount of additional dividends that would be assumed to be declared for potential common shares or potential participating securities that are assumed to be outstanding.

Issue 3 – Do you agree that additional disclosures are not warranted? If not, what additional disclosures should be required and why?

We agree that no additional disclosures are needed.