

Honeywell
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LETTER OF COMMENT NO. 35

March 2, 2009

Mr. Russell Golden
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

File Reference: proposed FSP FAS 107-b and APB 28-a

Dear Mr. Golden:

Honeywell International is a diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; turbochargers; and specialty materials. Based in Morris Township, N.J., Honeywell's shares are traded on the New York, London and Chicago Stock Exchanges.

We appreciate the opportunity to offer comments on the proposed FASB Staff Position No. FAS 107-b and APB 28-a, *Interim Disclosures about Fair Value of Financial Instruments* (Proposed FSP FAS 107-b and APB 28-a). We value the efforts of the Board to improve the transparency and quality of information provided to financial statement users surrounding fair value measurements. Specifically, we believe that Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), has resulted in a significant improvement in the clarity and consistency of financial instrument valuations and disclosures. In complying with SFAS 157 we disclose, on an interim basis, those assets and liabilities such as foreign currency exchange contracts that are measured at fair value and their respective levels within the SFAS 157 fair value hierarchy.

The only requirements of Statement of Financial Accounting Standards No. 107, *Disclosures about Fair Value of Financial Instruments* (SFAS 107) that are not also required on an interim basis by SFAS 157 pertain to the disclosure of valuation techniques and the fair value of financial instruments that are recorded at historical cost or a basis other than fair value on the statement of financial position. Such instruments include long-term receivables and debt, which are carried at amortized cost or historical carrying value, collected in accordance with contracted terms and maturities dates, and are not subject to fair value measurement requirements at any point in the transaction life cycles. We believe given the nature of these types of financial instruments an increase in the frequency of the required SFAS 107 fair value disclosures would not improve the usefulness of the financial statements.

We recommend that the Board reconsider the requirements of Proposed FSP FAS 107-b and APB 28-a as they relate to financial instruments that are not carried at fair value. We believe that such disclosures on an annual basis are sufficient given the lack of interaction between the financial instruments and fair value measures. Further in those more limited instances where financial instruments not carried at fair value

may potentially be significantly impacted by fair value measurements we believe other authoritative literature such as FASB Staff Position No. FAS 115-1 and FAS 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application To Certain Investments*, EITF Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets*, and Staff Accounting Bulletin No. 59, Topic 5-M, *Other than Temporary Impairment of Certain Investments in Debt and Equity Securities* requires adequate disclosure of the fair value information.

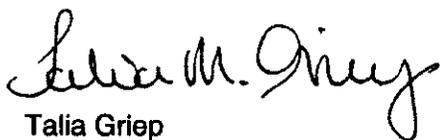
We envision implementation issues surrounding the requirement to disclose the fair values of these types of financial instruments on an interim basis. Preparation of incremental fair value disclosure on a quarterly basis will require us to expand our reporting procedures and related internal controls over disclosure and financial reporting. In some cases, such as with long-term receivables, we would need to institute a quarterly version the annual procedures performed at several hundred units world-wide to collect and validate the necessary data to estimate fair value. We do not feel this component of the proposed disclosure requirements is operational for initial adoption in interim periods ending after March 15, 2009. Preparation of this information on an interim basis would require enhancements to our current process and procedures, including increased resources, costs, and potentially lengthening our quarterly reporting cycle. We believe the costs associated with providing this information outweigh the benefit of the added fair value disclosure of those financial instruments not carried at fair value.

We believe the annual requirements of both SFAS 107 and SFAS 157 to disclose the valuation techniques used to measure fair value as well as discussion of any changes to techniques employed are valuable disclosures for those financial instruments carried at fair value and if presented on a quarterly basis would result in more transparent information that would better serve the financial statement users. Therefore, we feel that the Proposed FSP FAS 107-b and APB 28-a should be revised to require interim disclosures of the valuation techniques used to measure fair values for those financial instruments carried at fair value.

If the provisions of FSP FAS 107-b and APB 28-a are enacted as currently proposed, it is our recommendation that preparers be given additional time prior to the effective date to implement disclosure procedures and controls to compile the data necessary to prepare the incremental disclosure.

We appreciate the opportunity to submit these comments. If you have any questions, or need additional information, please contact Talia Griep, Vice President and Corporate Controller.

Sincerely,



Talia Griep
Vice President and Corporate Controller
Honeywell International