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March 30, 2009

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

Technical Director
Financial Accounting Standards Board
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LETTER OF COMMENT NO.

288

File Reference: Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

United Technologies Corporation (UTC) welcomes the opportunity to share its views on the proposed FASB Staff Position FAS 115-a, FAS 124-a and EITF 99-20-b "*Recognition and Presentation of Other-Than-Temporary Impairments*" (the proposed FSP). UTC is a \$55 billion global provider of high technology products and services to the building systems and aerospace industries, operating in over 180 countries around the world.

We strongly agree that additional guidance is needed in the area of other-than-temporary impairments (OTTI) given the current market conditions and believe the Board should expedite the issuance of this proposed FSP to be effective for interim and annual periods ending after March 15, 2009. We have provided our responses to the questions posed in the proposed FSP in Attachment A to this letter.

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

Sincerely,

A handwritten signature in black ink that reads "Margaret M. Smyth".

Margaret M. Smyth
Vice President, Controller
United Technologies Corporation

Attachment A

1. This proposed FSP would require entities to separate (and present separately on the statement of earnings or “performance indicator”) an other-than-temporary impairment of a debt security into two components when there are credit losses associated with an impaired debt security for which management asserts that it does not have the intent to sell the security and it is more likely than not that it will not have to sell the security before recovery of its cost basis. The two components would be (a) the credit component and (b) the noncredit component (residual related to other factors). Does this separate presentation provide decision-useful information?

We believe the bifurcation of the credit related impairment from the non-credit related impairment does provide decision-useful information as it aligns the impairment recognized with the reduction in expected cash flows for debt securities. However, we do not agree that this information should be presented in the income statement, as proposed. Alternatively, we believe the Board should allow entities to disclose this information in the footnotes to the financial statements.

2. This proposed FSP would require that the credit component of other-than-temporary impairment of a debt security be determined by the reporting entity using its best estimate of the amount of the impairment that relates to an increase in the credit risk associated with the specific instrument. One way of estimating that amount would be to consider the measurement methodology described in paragraphs 12-16 of FASB Statement No. 114, *Accounting for Creditors for Impairment of a Loan*. For debt securities that are beneficial interests in securitized financial assets within the scope of Issue 99-20, the amount of the total impairment related to credit losses would be determined considering the guidance in paragraph 12(b) of Issue 99-20. Do you believe this guidance is clear and operational? Do you agree with the requirement to recognize the credit component of an other-than-temporary impairment in income and the remaining portion in other comprehensive income? Under what circumstances should the remaining portion be recognized in earnings?

We believe the guidance provided for determining the credit component of an OTTI of a debt security is clear and operational. Additionally, we agree that the credit component of an OTTI should be recognized in income and the remaining portion in other comprehensive income if the entity does not have the intent to sell, and it is more likely than not that the entity will not have to sell the security before the recovery of its remaining cost basis.

3. This proposed FSP modifies the current indicator that, to avoid considering an impairment to be other than temporary, management must assert that it has both the intent and ability to hold an impaired security for a period of time sufficient to allow for any anticipated recovery in fair value. The Board believes that, compared

to current requirements, it is more operational for management to assert that (a) it does not have the intent to sell the security and (b) it is more likely than not that it will not have to sell the security before its recovery. Does this modification make this aspect of the other-than-temporary impairment assessment more operational (the remaining factors discussed in FSP FAS 115/FAS 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, would remain unchanged)? Should this modification apply to both debt and equity securities? Will this change result in a significant change to the assessment of whether an equity security is other-than-temporarily impaired?

We believe this change should apply to both debt and equity securities. We do believe, however, that it will be more difficult to determine whether an equity security will ever recover back to its initial cost basis. Despite this, we believe that the guidance in this proposed FSP is more operational than current guidance. We agree that if management has the intent to hold these securities as longer term investments, this intent should be considered in the assessment of whether a security is OTTI.

4. This proposed FSP would require that the portion of an impairment recognized in other comprehensive income for held-to-maturity securities be amortized (through other comprehensive income) over the remaining life of the debt security in a prospective manner based on the amount and timing of future estimated cash flows by offsetting the recorded value of the asset (that is, an entity would not be permitted to adjust the fair value of a held-to-maturity security for subsequent recoveries in the fair value of the security similar to the accounting for available-for-sale securities). Do you agree with this requirement?

Yes we agree.

5. Is the proposed effective date of interim and annual reporting periods after March 15, 2009 operational?

Although the time frame is compressed, we believe the Board does need to issue this guidance effective for interim and annual reporting periods after March 15, 2009. We suggest the Board allow, but not require, a phased approach for the bifurcation requirement.