

September 2, 2004

TO: MEMBERS OF THE EMERGING ISSUES TASK FORCE

The Task Force and the Board has received a number of comments on the model for evaluating other-than-temporary impairment in EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments."

The FASB staff generally would address issues related to EITF consensuses with the Task Force. However, the transition guidance under Issue 03-1 states that the recognition and measurement guidance should be applied to other-than-temporary impairment evaluations in reporting periods beginning after June 15, 2004. For entities that report financial information on a quarterly basis, the guidance would be applied to reporting periods ending September 30, 2004. The next EITF meeting is scheduled for September 29 and September 30, 2004; a response to these implementation issues by the Task Force at that meeting would not provide timely guidance to constituents. The FASB staff, therefore, believes that it is necessary to address the implementation guidance with the Board.

The Board will consider whether to direct the staff to issue a FASB Staff Position(s) at the September 8, 2004 Board Meeting. The following notice was posted in today's Action Alert:

The Board will consider whether to direct the staff to post to the FASB website a proposed FSP providing certain implementation guidance with respect to interest-rate impairments, and a delayed implementation date for the areas affected by the implementation guidance under EITF Issue 03-1.

Please call Russ Golden (203-956-5342) or Kevin McBride (203-956-5384) if you would like to discuss in more detail.

Thank you,

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