

May 26, 2006



Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

LETTER OF COMMENT NO. **63**

Subject: File Reference 1025-300 - Exposure Draft Comment Letter regarding Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans

The Lubrizol Corporation is pleased for this opportunity to share with you our feedback on the FASB's exposure draft on Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. The Lubrizol Corporation is an innovative specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. We are headquartered in Cleveland, Ohio and are geographically diverse, with an extensive global manufacturing, supply chain, technical and commercial infrastructure. We operate facilities in 27 countries through the efforts of approximately 6,900 employees. Our consolidated results for the year ended December 31, 2005 included total revenues of \$3.6 billion, excluding discontinued operations in 2006 that had 2005 revenues of \$0.4 billion.

We agree with the FASB's objective to make employers' accounting for defined benefit pension and other postretirement plans more complete and understandable and therefore more useful for users of financial statements. After reviewing the exposure draft, we have the following comments for your consideration:

Measuring the Funded Status of the Plan

The FASB's current proposal is for an entity to recognize in its statement of financial position the overfunded or underfunded status of a defined benefit postretirement plan measured as the difference between the fair value of plan assets and the benefit obligation. For a pension plan, the benefit obligation would be the projected benefit obligation. For any other postretirement benefit plan, the benefit obligation would be the accumulated postretirement benefit obligation.

We agree with the Board's conclusion regarding the recognition of the funded status. However, we do not agree with the use of the projected benefit obligation to calculate the funded status. The projected benefit obligation is a measure of benefits attributed to service to date assuming that the plan continues in effect and that estimated future events occur, including compensation increases, turnover and mortality. We believe a more appropriate measure of the obligation at the financial position date is the accumulated benefit obligation which does not take into account future events. The accumulated benefit obligation is the actuarial present value of benefits based on employee service rendered before a specified date and based on employee service and compensation prior to that date.

The definition of a liability found in Concept Statement No. 6, "Elements of Financial Statements" states the following:

Liabilities are probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

The projected benefit obligation includes estimates of salary increases that are not present obligations as of the balance sheet date. Most companies do not guarantee future salary increases or future years of employment. We believe if the projected pension benefit obligation were used, we would be overstating our liability balance by including future obligations that have not yet been earned or granted at the balance sheet date. Therefore, we believe the accumulated benefit obligation would be a more appropriate measure of the pension liability as of the balance sheet date.

Retrospective Application

While we agree with the FASB that retrospective application of this standard will improve the comparability of the financial statements, we do not believe the benefits gained justify the costs of obtaining this information. As a company we voluntarily disclose 10 years of historical summary financial data within our annual report. If required, we believe we can meet the requirements of this new exposure draft for the most recent three years of financial statements. However, we believe it would take significant effort and cost to obtain the required data for the prior 10 years. We would recommend a cumulative effect adjustment in the current year to limit the burden and cost to those implementing this new standard.

Effective Date and Transition

The proposed effective date of the exposure draft is for fiscal years ending after December 15, 2006. The FASB is currently projecting the issuance of the final standard by September 2006. Based on this timeline we have concerns surrounding the implementation of this standard for calendar year end companies. If the current exposure draft is adopted, the new measurement date requirements could put added pressure on trustees, actuaries and company sponsors to obtain the required information in a timely manner. This could add days, if not weeks, to the closing process if the required information is not available and could push back earnings releases and filings. We believe the prudent approach either would be to release the final draft earlier and allow adequate time for adoption or to push back the effective date to years ending after December 15, 2007.

Thank you for the opportunity to offer our comments on this exposure draft. We would be pleased to discuss our comments or answer any questions you may have.

Sincerely,



Charles P. Cooley
Senior Vice President and Chief Financial Officer