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May 23, 2006

Technical Director File Reference No. 1025-300 Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO. 205

Re: Comments to Proposed Statement of Financial Accounting Standards – Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans

This letter sets forth the comments of GROWMARK, Inc., a corporation organized as a cooperative ("GROWMARK") to the Proposed Statement of Financial Accounting Standards regarding Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB No. 87, 88, 106, and 132(R) ("the Proposed Statement"). GROWMARK is a non-public regional agricultural supply and grain marketing cooperative. GROWMARK conducts business through a federated system of farmer member cooperatives and direct retail business operating in the Midwest and Northeast sections of the United States and Ontario, Canada.

The Proposed Statement requires the projected benefit obligation be used as the measure of the pension obligation. The projected benefit obligation calculation includes assumptions for future salary increases and an assumed discount rate which can provide volatility to the calculation and subsequent presentation in the financial statements. The accumulated benefit obligation calculates the entity's obligation for past service as of the measurement date. Over the past several years, it has been reported that entities have reduced or adjusted ("frozen") their pension plan benefits to limit their obligation to the accumulated benefit obligation or to a lesser obligation. Given that going-concern entities have that discretion, this may indicate that the projected benefit obligation is not a representationally faithful depiction of the entities' obligations at fiscal year end.

FASB 87 issued in December 1985 has been the standard for accounting for pensions for the past twenty-one years. While not perfect, it provides the information necessary for a reader of the financial statements to understand an entity's pension obligations. We have concern about implementing Phase I of this project without knowing or understanding what impact Phase II will have on accounting for pensions and other postretirement plans. Paragraph B18 of the Proposed Statement contains the sentence "The issues on the measurement of the pension benefit obligation are complex and considering them will require substantial time." We agree with this statement and believe these issues are important and deserve more study in order to provide the best accounting practices. We would encourage the Financial Accounting Standards Board to

consider completing the study in its entirety and issuing comprehensive accounting guidance rather than using this two phase approach.

GROWMARK accelerates the close of its fiscal year and usually completes an independent audit by the fourth week of the month immediately following fiscal year end. This is done to expedite the payment of patronage dividends to our customers based on audited financial statements. The Proposed Statement would amend FASB 87 and 106 to require the measurement date to be as of the fiscal year end rather than up to three months earlier than the fiscal year end. Paragraph B39 of the Proposed Statement states: "In Statement 87, the Board stated that '[a]s with other financial statement items requiring estimates, much of the information can be prepared as of an earlier date and projected forward to account for subsequent events. . . . '(paragraph 52). That statement applies to data on the demographics of plan participants; discount rates and measurements for most plan assets should not be prepared as of an earlier date and projected forward." Based on this guidance, the discount rate and value of the plan assets must be measured as of the end of the reporting period. As a result, we will be unable to complete our annual audit quickly, thus delaying the payment of patronage dividends to our customers.

Implementation of the Proposed Statement will require GROWMARK to incur additional one-time costs in amending our loan syndication agreements to accommodate the changes in the interpretation of financial ratio measurements and calculation of those redefined metrics. We believe this cost will be in the range of \$10,000 to \$50,000. In addition, we would incur additional annual actuary fees as a result of the change in measurement date in conjunction with the quick audit close conducted by GROWMARK.

Finally, if, as a result of the implementation of this Proposed Statement, more and more entities "freeze" or discontinue their defined benefit pension plans, we would anticipate the premiums paid to the Pension Benefit Guaranty Corporation to increase substantially for those employers continuing their defined benefit pension plans.

We provide these comments for your consideration and wish the Financial Accounting Standards Board well in their deliberation of this issue and future accounting issues. If we can provide additional input or clarification, please contact me.

Sincerely,

William D. Erlenbush,

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Controller