



Richard A. Roupe
Chief Financial Officer

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

RE: File Reference No. 1025-300

Employers Accounting for Defined Benefit Pension and

other Postretirement Benefits

Dear Director:

Zippo Manufacturing Company has provided a Defined Benefit Plan to its employees for over 60 years. In addition, we also sponsor a 401k plan that most employees use for funding post retirement health care costs. Our employees are mostly blue collar workers with obligations that make it impossible to save enough for retirement on their own. Our employees rely on our sponsorship of the DB plan for their retirement income.

However, it is our conclusion that government and other entities are trying to eliminate this option for retirement funding. Your exposure draft, if adopted, will accelerate the demise of DB plans since employers, including Zippo Manufacturing Company, will conclude that the cost and resources required to provide this benefit can be better deployed elsewhere. We do not believe that current accounting requirements are inadequate (they are already overwhelming, confusing and contradictory) and we are certain that adopting these additional measures as proposed in your draft will not add additional clarity for the interpretation of financial statements.

Specifically we believe the adoption of Projected Benefit Obligations (PBO) for measuring liabilities and changing the measurement date are ill conceived and have detrimental effects:

PBO vs. ABO

- Balance sheet liabilities should represent actual, incurred obligations. Liabilities should not represent estimates of what may happen in the future.
- PBO includes estimates of future compensation increases, among a whole boatload of other assumptions that may not occur. Employers are not obligated to



provide pay increases nor are we obligated to continue the plan into perpetuity. Applying this assumed liability to the financial statement will not improve clarity and will certainly misrepresent the actual financial condition of a company.

- In over funding situations, using PBO to enhance the asset side of the balance sheet will also end up in gross misrepresentations. How can an asset that can't (practically) ever be used to the company's benefit, truly be represented as an asset on the balance sheet?
- Substantial work on existing credit agreements will have to be done to allow for
 the change in bank covenant ratios and obligations. The expense and time to renegotiate and replace these agreements is a complete waste of resources and
 represents an unnecessary burden to employers and especially manufacturers who
 are fighting for their very survival in competing with inexpensive foreign labor.

Measurement Date

- A change in the measurement date will not materially impact the accuracy or clarity of the information presented.
- A change in the measurement date to coincide with the fiscal year end will place undue burden on employer's staff and substantially increase costs for compliance.
- Should material events occur after the measurement date, current accounting standards are adequate since they require full disclosure and appropriate measurements of their impact.
- An earlier measurement date permits us to have planning information for our next fiscal operating year. We either have to incur the cost of doing the actuarial work twice or not have cost estimates available for our annual planning process.
 Neither situation is acceptable.

We agree that current pension accounting rules should be rewritten and updated to take into account current issues. However dealing with this subject in piecemeal fashion serves nobody's interest. We encourage FASB to take a more comprehensive approach to solving any deficiencies by putting all pension related issues into one standard.

Thank you for the opportunity to provide our comments. Please contact me directly at 814-368-2724 if you wish to discuss this further.

Sincerely.

Richard A. Roupe Chief Financial Officer

RAR/szc