

Wakefern Food
Corporation



LETTER OF COMMENT NO. 222



Vice President, Retail Financial Support
And Chief Financial Officer

May 30, 2006

Technical Director
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

**Comment Letter – File Reference No. 1025-300 - Exposure Draft Regarding
Accounting for Defined Benefit Pension and Other Postretirement Plans**

Wakefern Food Corp. ("Wakefern") appreciates the opportunity to comment on the
aforementioned exposure draft.

Wakefern is a privately held company and is the largest retailer owned cooperative in the
United States. Wakefern's customers are its owners ("Members"). Wakefern's Members
are independent grocers that range in size from single store operators to 20 + store
chains.

We concur with the FASB's objective in reassessing the accounting for pension and
postretirement plans to make the presentation of these obligations more relevant and
useful for the readers of financial statements. However, we have concerns with certain
concepts in the exposure draft as described below.

**Use of the PBO Rather than the ABO for Pension/Postretirement Liability
Recognition**

We believe that the FASB should reconsider the proposed rules that would require using
the Projected Benefit Obligation (PBO). Balance sheet liabilities should represent the
company's actual obligations as of the balance sheet date.

The ABO is the relevant measure for recognizing the liability as it represents the actuarial present value of benefits for all services rendered to that date. If a company were to freeze its pension plan, it is the ABO that remains on the employer's balance sheet, not the PBO.

The PBO includes estimates of future salary increases. We do not believe that possible future salary progression as used in the PBO meets the definition of a liability. A liability based on the PBO is a potential future obligation, not a current obligation. The Statement of Financial Concepts – Elements of Financial Statement (CON 6) defines a liability in paragraph 35 and lists the three essential characteristics in paragraph 36. We do not believe the PBO meets the criteria outlined in paragraphs 35 and 36.

The proposed standard may force many companies to eliminate or curtail pension and postretirement benefits. Many non-publicly traded companies offer pension and postretirement benefits in lieu of stock options. A change in benefit structure would place non-publicly traded companies at a competitive disadvantage in recruiting and retaining quality employees.

Measurement Date for Recognizing Plan Assets/Obligations on the Balance Sheet

We believe that the FASB should retain the existing provisions which permit companies to use a measurement date up to three months earlier than the balance sheet date.

Changing the measurement date to require valuations as of the balance sheet date places unreasonable time pressures and burdens on the actuaries and trustees to assemble the necessary information, analyze and incorporate this information into the financial statements in time to meet required reporting deadlines. In addition, the proposed change would put additional time pressure on the auditors to audit this information. The extremely tight timeframe and the possible misunderstandings and/or errors that might occur do not justify the minor benefit of using data that is one to three months later.

Retrospective Application

Cooperatives have significant transactions with Members that are based on book value per share. Application of the proposed standard to prior years would significantly impact the book value per share. This would complicate the sale or redemption of shares as the stock records would have transactions at book value per share amounts that differed from the restated financial statements. Wakefern believes that the proposed retrospective application be reconsidered and disclosure in the footnotes be permitted.

Impact on Cooperatives – Transactions based on Book Value per Share

Cooperatives are entities that have minimal equity as they distribute most of their earnings to their Members. This is the design of the cooperative's capital structure, wherein the goal is to ensure that capital is returned to the Members, encouraging the Members to expand their businesses. Cooperatives are highly leveraged in comparison to regular companies. The impact of this exposure draft will increase the accumulated losses in Other Comprehensive Income and will continue to erode the book value per share. Cooperatives have significant transactions with its Members that are based on book value per share. A publicly traded company's shares are traded at a market value which fluctuates based on the company's economic health, competition, and the economy as a whole. This puts cooperatives at an extreme disadvantage.

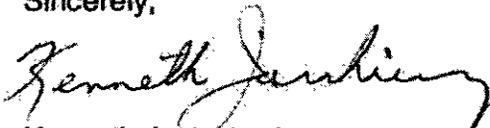
Impact on Cooperatives – Lender and Vendor Perceptions

While the lender community understands generally accepted accounting principles, it is a constant education process to explain why a cooperative's financial ratios differ from other companies. It is unlikely that many vendors will understand the deterioration in our financial statements. This may result in less favorable credit terms. This deterioration is not the result of the cooperative's business changing, but because of the application of accounting standards to already thinly capitalized companies.

Conclusion

In conclusion, we believe that the FASB should reconsider the proposed rules in the exposure draft so that the ABO (not the PBO) is used for recording the unfunded pension liability and retain the existing provisions that permit the use of a measurement date up to three months earlier than the balance sheet date.

Sincerely,



Kenneth Jasinkiewicz
Chief Financial Officer