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

Re: Comments on the Exposure Draft - "Employers' Disclosures about Pensions and Other Postretirement Benefits"

Dear TA & I Director,

This letter to the Financial Accounting Standards Board is prepared by Matsushita Electric Industrial Co., Ltd. and represents the combined opinions of leading Japanese companies that prepare financial statements in accordance with accounting principles generally accepted in the United States ("the Group" hereafter) regarding the Exposure Draft. The list of companies comprising the Group is provided in the attachment. The opinions of the Group are as follows:

The Exposure Draft requires a substantial increase in disclosure in such areas as plan assets, cash flow information, and interim financial statements, reflecting the needs of certain users of financial statements. However, since these additional disclosures will impose a substantial burden on preparers of financial statements, we believe that from a cost-benefit perspective, in many cases the additional disclosure requirements proposed are inappropriate. Our comments on the issues described in the "Notice for Recipient of the Exposure Draft" are set out below.

Issue 1 (Plan Assets)

We do not support the proposed disclosure related to plan assets. The disclosure of each of the major categories required by the Exposure Draft would impose an excessive burden on companies and would complicate the content of the disclosure (Ref. B34: Background to SFAS 132). In cases in which there are multiple pension plans within the group companies, it would by no means be an easy task to prepare the disclosure required by the Exposure Draft. Companies operating world-wide with many pension plans within the group would face difficulty in collecting data of plan assets by each of the major categories from domestic and overseas subsidiaries. We also do not think it is meaningful to disclose information as a weighted average of assets of multiple pension plans which have different investment

strategies. Furthermore, information on plan assets is, from a strategic viewpoint, a highly confidential matter, and companies may be disadvantaged as a result of disclosing such information.

The Exposure Draft would require the disclosure of the range and weighted average of the contractual maturities and term of all debt securities. We do not agree with this requirement since it would result in overdisclosure and impose an excessive burden on preparers of financial statements. In cases where there are multiple pension plans within the group companies, we do not think that aggregated weighted average information on contractual maturities, etc. would be meaningful. As a rationale for requiring the disclosure of contractual maturities, etc., the Exposure Draft points out the usefulness in comparison with the cash flows of future benefit payments. However, we are doubtful about the usefulness of the information on contractual maturities, etc. required by the Exposure Draft since debt securities are not necessarily held until the date of maturity and there may not be any financial instruments geared to the timing of long-term pension benefit payments.

Issue 3 (Cash Flow Information)

The Exposure Draft would require the disclosure of estimated future payments of benefit obligations (PBO) for each of the five succeeding fiscal years and the total amount thereafter. However, we do not agree with the proposed disclosure related to cash flow information, since this disclosure would not only impose an excessive burden on preparers of financial statements, but also provide information that might cause misunderstandings among users of financial statements. To obtain this data, it would be necessary to request actuaries to implement additional calculation processes, thereby imposing an excessive burden on preparers of financial statements. The disclosure of estimated future benefit payments could cause misunderstandings among users of financial statements since it would involve the use of various assumptions and forecasts, and the amounts of estimated future benefit payments are uncertain and may differ from the actual cash flows of future benefit payments. In the case of cash balance plans, the amount of future benefit payments will fluctuate, again resulting in information that may mislead users of financial statements. For these reasons, we believe that the disclosure of estimated future payments of benefit obligations should not be required.

Furthermore, with respect to the disclosure of the employer's contributions expected to be paid to the pension plan in the next fiscal year, we believe that if information concerning the amount of the contributions in the current fiscal year is known, the amount during the next fiscal year can be inferred, rendering further disclosure unnecessary.

Issue 6 (Information about Changes in Certain Assumptions)

We support the rationale of the Exposure Draft in not changing the present standard with respect to the disclosure of information about changes in certain assumptions. Requiring the disclosure of

sensitivity information about changes in certain assumptions would not only be excessively burdensome for companies, but would also provide users of financial statements with information that could cause misunderstanding, and for those reasons we do not agree with this requirement.

Issue 7 (Measurement Date)

With respect to the measurement date, we support the rationale of the Exposure Draft in not requiring disclosure except when effects of changes are significant. Considering that there are multiple pension plans among consolidated companies, and that the measurement date may vary within three months of the end of the fiscal year, the description such as "the measurement date for most pension plans is the end of the fiscal year" should be approved.

Issue 8 (Reconciliations of Beginning and Ending Balances of Plan Assets and Benefit Obligations)

We agree that the Board's approach of eliminating the requirement to disclose reconciliations, and instead requiring disclosure of key items (actual return on assets, benefit payments, employer contributions, and participant contributions) would ease the burden on preparers of financial statements and make the disclosed contents more simple and clear.

Issue 9 (Disclosures Considered but Not Proposed)

All of the disclosures listed in Issue 9 that were not included as requirements in the Exposure Draft either impose an excessive burden on preparers of financial statements or cause misunderstandings among users of financial statements. There is very little need for that information, and such disclosure should not be required. In particular, disclosure of c., d., and g. is almost impossible because it would impose far too great a burden on preparers of financial statements, disclosure of e. is not considered useful, and disclosure of i. is impossible because interim (quarterly) data on plan assets and benefit obligations could not be obtained in time for the announcement of interim (quarterly) financial results.

Issue 10 (Disclosures in Interim Financial Reports)

The Exposure Draft requires disclosure of the components of net periodic pension and other postretirement benefit costs and the amount of the employer's contribution paid and expected to be paid during the year, but collecting this data from consolidated companies and disclosing such information on a consolidated basis for interim (quarterly) financial statements would be difficult, in part because of the time limitations.

Issue 11 (Effective Date and Transition)

A period of consideration and preparation would be necessary for making the disclosures required in the Exposure Draft, although we pointed out in the above that meeting most of the additional disclosure requirements proposed by the Exposure Draft would be extremely difficult for the preparers of financial statements. Therefore, we believe that the effective date should be delayed for at least one year, in the event some of the proposed disclosure in the Exposure Draft is required.

We request that the Board give consideration to our comments described above.

Very truly yours,

Tetsuya Kawakami
Managing Director, Member of the Board
and Chief Financial Officer
Matsushita Electric Industrial Co., Ltd.
(On behalf of 35 Japanese companies listed in Attachment)

Attachment

Names of Japanese Companies Comprising the Group

1. Canon Inc.
2. Fuji Photo Film Co., Ltd.
3. Hitachi, Ltd.
4. Ito-Yokado Co., Ltd.
5. ITOCHU Corporation
6. Komatsu Ltd.
7. KONAMI CORPORATION
8. KYOCERA Corporation
9. Kubota Corporation
10. Makita Corporation
11. Marubeni Corporation
12. Matsushita Electric Industrial Co., Ltd.
13. Millea Holdings, Inc.
14. Mitsubishi Corporation
15. Mitsubishi Electric Corporation
16. Mitsubishi Tokyo Financial Group, Inc.
17. Mitsui & Co., Ltd.
18. Murata Manufacturing Co., Ltd.
19. NEC Corporation
20. NEC Electronics Corporation
21. NIDEC CORPORATION
22. Nippon Meat Packers, Inc.
23. NIPPON TELEGRAPH AND TELEPHONE CORPORATION
24. NOMURA SECURITIES Co., Ltd.
25. NTT DoCoMo, Inc.
26. OMRON Corporation
27. ORIX Corporation
28. Pioneer Corporation
29. Ricoh Company, Ltd.
30. SANYO Electric Co., Ltd.
31. Sony Corporation
32. Sumitomo Corporation
33. TDK Corporation
34. TOSHIBA CORPORATION
35. Wacoal Corp