

Joseph B Johnson  
Vice President and Controller

55 East Camperdown Way  
Greenville, SC 29601

Telephone 864.282.9555  
Fax 864.282.9530  
Email [johnsonjb@bowater.com](mailto:johnsonjb@bowater.com)



VIA E-MAIL to [director@fasb.org](mailto:director@fasb.org), File Reference No. 1025-300

May 31, 2006



LETTER OF COMMENT NO. 191

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

**Re: Proposed Statement of Financial Accounting Standards  
Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans  
an amendment of FASB Statements No. 87, 88, 106, and 132(R)**

Bowater appreciates the opportunity to provide feedback on the FASB's Exposure Draft on *Employers' Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans*, which would amend SFAS Nos. 87, 88, 106, and 132(R). Bowater Incorporated sponsors 17 pension plans and 9 other postretirement benefit plans in the United States and Canada. Our Company supports the FASB's efforts to improve pension plan and other postretirement plan accounting and the relevance of financial information reported to the users of financial statements.

We provide the following comments on specific proposals outlined in the Exposure Draft:

**Issue 2: The Employer's Measurement Date.** We believe that current guidance in FAS 87, which allows the use of a measurement date up to three months prior to fiscal year-end remains appropriate. Pension and other postretirement benefit plan assets and obligations require significant lead time to measure accurately. A measurement date within three months prior to a fiscal year-end provides this lead time to determine the critical assumptions that are used in the third party actuarial valuations and provides management and independent auditors with adequate review and audit time. A change to the measurement date based on the date of the employer's statement of financial position will place an unreasonable burden on actuaries and trustees and an increased burden on preparers of financials statements and auditors to meet the new accelerated filing requirements. We believe the potential for increased risk of errors due to the reduced time for review and audit would outweigh any perceived benefit for providing the information as of a company's fiscal year-end. Additionally, as the majority of the actuarial valuation work, related review and audit will shift to after a company's year-end, this will most likely result in delays in year-end earnings releases.

We believe that the FASB should remove this provision of the Exposure Draft. We also believe that appropriate and meaningful sensitivity analysis on key assumptions and the related impact on pension and postretirement expense and obligations could provide relevant information to users of financial statements as of a company's measurement date and fiscal year-end.

May 31, 2006  
Page 2

***Issue 3: Recognition of the Overfunded or Underfunded Status.*** We believe the more appropriate method for an entity to recognize the overfunded or underfunded status at the statement of financial position date would be the difference between the fair value of the plan assets and the accumulated benefit obligation (ABO). The ABO is the present value of benefits earned by current and former employees as of the measurement date and does not take into consideration future events. We believe that the ABO would be a more appropriate liability measure based on the definition of a liability as provided under Concept Statement No. 6. The projected benefit obligation (PBO) is not a measure of the "market value" of plan liabilities at the financial position date as such includes future wage increases that are not yet liabilities of the company as defined in Concept Statement No. 6. Future wage increases are not typically guaranteed, unless through collective bargaining agreements and therefore, should not be recorded in the statement of financial position.

We appreciate your consideration of these comments. Please call me if we can provide any additional clarification or assistance.

Sincerely,

A handwritten signature in cursive script that reads "Joseph B. Johnson".

Joseph Johnson  
Vice President and Controller