January 12, 2007

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

RE: Proposed FASB Staff Position FAS 158-a “Conforming Amendments to Illustrations in FASB Statements No. 87, No. 88 and No. 106 and Related Staff Implementations Guides”

Dear Director:

We appreciate the opportunity to provide our comments on proposed FASB Staff Position FAS 158-a “Conforming Amendments to Illustrations in FASB Statements No. 87, No. 88 and No. 106 and Related Staff Implementations Guides.” We support the Board’s efforts to update and combine into one document the illustrations currently contained in Appendix B of FASB Statement No. 87, Employers’ Accounting for Pensions, Appendix B of FASB Statement No. 88, Employers’ Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and Appendix C of FASB Statement No. 106, Employers’ Accounting for Postretirement Benefits Other Than Pensions, to reflect the requirements of FASB Statement No. 158, Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans. We also support the amendments to update the implementation guides to Statements 87, 88 and 106 and to elevate that guidance from Level D to Level A in the GAAP hierarchy. The following paragraphs include our specific recommendations to clarify the illustrations.

There are a number of references in both the amendments to the illustrations and the questions and answers to amounts being recognized “in earnings.” We believe this terminology is somewhat vague and may lead to confusion, as certain amounts are recognized as part of “net income” while other amounts are recognized as part of “other comprehensive income” when accounting for defined benefit arrangements in accordance with Statement 158. Because both of these are measures of earnings, we recommend that these references be clarified to refer to “net income” rather than “earnings.”

Consistent with the previous version of the illustrations, the examples generally do not include the entries that would be needed. Since much of the information that was previously off-balance sheet will now be on the balance sheet (e.g., prior service cost,
transition amount, gains/losses), we believe that including the entries in the examples would improve their usability.

If you have any questions concerning our comments or wish to discuss any of the matters addressed herein, please contact Mark Bielstein at (212) 909-5419 or Paul Munter at (212) 909-5567.

Sincerely,

KPMG LLP