Kubota Corporation

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1025-300

LETTER OF COMMENT NO. 105

May 31, 2006

Financial Accounting Standards Board
401 Merritt 7, PO Box 5116, Norwalk, Connecticut 06856-5116
U.S.A.

RE: Exposure Draft : Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R) (File No. 1025-300)

Dear Technical Director,

On behalf of major Japanese corporations ("the Group") which adopt accounting principles generally accepted in the United States of America (see attached list of companies), Kubota Corporation is pleased to submit comments on the recent exposure draft ("the Draft") "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)" published by Financial Accounting Standards Board ("FASB").
The Group includes top corporations in Japan from manufacturing, general trading, financial industry and other industries. The Group hopes that the ensuing suggestions will help FASB to determine whether to adopt the proposals.

Please see the following comments and suggestions, which represent a consensus of the Group.

1. Recognition of funded status of defined benefit plans in balance sheet *(Issue 1)*

The Group does not agree with the recognition of plans' over-funded or under-funded status as an asset or liability in balance sheet amending the existing accounting standards for the following reasons.

(a) The Group does not agree with recognition of pension liabilities in balance sheet based on the projected benefit obligation ("PBO") instead of the accumulated benefit obligation ("ABO") which has been used in existing accounting standards. As to a basis of recognition of pension liabilities in balance sheet, the ABO is considered more reasonable than the PBO, which reflects compensation increase. Since the ABO is calculated based on the wage level as of the date of statement of financial position, the existing standards which require using the ABO as a basis of pension liabilities as of the date to be recognized is considered reasonable. The Draft has not presented persuasive reason for changing the concept, under which the additional minimum liability is accounted for based on the ABO in accordance with SFAS No. 87.

(b) In the Draft, FASB believes that the costs of recognition of the over-funded or under-funded status of the plans in balance sheet would not be significant because necessary data have been disclosed in notes to financial statements. However, the timing between disclosing footnotes and announcing the results of financial statements is different. Adoption of the new accounting standards in the Draft would cause delays in announcing financial results because it takes considerable time to prepare the footnote information of pensions.

2. Measurement date *(Issue 2)*

The Group does not agree with elimination of the provisions in SFAS No. 87 and 106 which allow plan assets and benefit obligations to be measured as of a date not more than three months prior to that of the statement of financial position for the following reason.

In accounting practice, it's quite difficult to measure benefit obligations as of the date of the statement of financial position and recognize pension liabilities in balance sheet. In order to measure benefit obligations, it takes considerable time to affirm the accuracy of the data used for accounting for pensions and calculate benefit obligations by actuaries. It usually takes two or three months for a series of tasks. For many companies, requirement to apply discount rate strictly as of the date of the statement of financial position would particularly cause trouble in accounting practices because of huge actuarial calculations after the date.

3. Effective dates *(Issue 3 and 4)*

If FASB adopts the accounting rules proposed in the Draft, effective dates of the amendments both in accounting procedure and measurement date should be delayed one year to introduce the new standards.

4. Footnotes concerning the ABO

If FASB does not agree with the comment No.1 mentioned above and the PBO replaces the ABO as the basis of recognition of pension liabilities in balance sheet, the footnotes concerning the ABO required in SFAS No. 132(R) para.5e and 6 should be eliminated.

Sincerely,

Hirokazu Nara

Hirokazu Nara
Director, Member of the Board and
Chief Financial Officer
Kubota Corporation
(on behalf of 24 Japanese companies)

Companies Represented in the Group

1. CANON INC.
2. Fuji Photo Film Co., Ltd.
3. Hitachi, Ltd.
4. HONDA MOTOR CO., LTD.
5. Kubota Corporation
6. KYOCERA Corporation
7. Marubeni Corporation
8. Matsushita Electric Industrial Co., Ltd.
9. MITSUBISHI CORPORATION
10. Mitsubishi Electric Corporation
11. Mitsubishi UFJ Financial Group, Inc.
12. Mitsui & Co., Ltd.
13. Murata Manufacturing Co., Ltd.
14. NEC Corporation
15. NIDEC CORPORATION
16. NIPPON MEAT PACKERS, INC.
17. OMRON Corporation
18. ORIX CORPORATION
19. RICOH COMPANY, LTD.
20. SANYO Electric Co., Ltd.
21. Sony Corporation
22. TDK Corporation
23. Toshiba Corporation
24. WACOAL HOLDINGS corp.