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Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
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July 31, 2014

Re: Exposure Draft - Business Combinations (Topic 805): Pushdown Accounting
File Reference No. EITF – 12F

Dear Ms. Cosper:

MetLife, Inc. ("MetLife" or "we") appreciates the opportunity to provide comments on the FASB's Exposure Draft, *Business Combinations (Topic 805): Pushdown Accounting* (the "Exposure Draft"). MetLife is a leading global provider of insurance, annuities and employee benefit programs. Through its subsidiaries and affiliates, MetLife holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East.

MetLife commends the Board on its efforts to provide guidance on when and how an acquired entity that is a business or nonprofit activity can apply pushdown accounting in its separate financial statements. Current U.S. GAAP offers limited guidance on applying pushdown accounting. This has led to diversity in practice regarding accounting by the acquired entity when it continues to issue separate financial statements.

MetLife supports including guidance on pushdown accounting in the FASB Codification. In general, we are supportive of the provisions contained within the Exposure Draft and have the following key observations:

Threshold for Application of Pushdown Accounting

The proposal leverages the change-in-control model from existing business combination and consolidation guidance for establishing a new accounting basis. We agree that a change-in-control represents an appropriate event for triggering pushdown accounting. Business combinations are already events that require a new accounting basis for the net assets acquired and a consistent threshold for an acquired entity's separate financial statements is appropriate.

The Securities and Exchange Commission ("SEC") guidance on pushdown accounting begins with determining whether the reporting entity is "substantially wholly-owned" by the parent. This determination is based upon the ownership percentage the parent holds in the subsidiary. The level of parent ownership determines whether applying pushdown accounting is required, optional or prohibited.

The various levels can be somewhat complex and can lead to lack of comparison (for example, pushdown accounting is optional at the 80% - 94.9% level).

Option to Apply Pushdown Accounting

The current proposal would provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of a change-in-control event. While this would alleviate some of the diversity in practice with respect to pushdown accounting among entities that are non-SEC registrants, we acknowledge that providing an option to push down may lead to possible non-comparability in the basis of accounting, affecting the comparison of financial information across entities. However, we believe that each change-in-control event is a distinct event and allowing entities to apply judgment on their specific set of facts and circumstances is of greater significance in satisfying different user needs than achieving comparability in this area. For example, there could be factors that compel an entity to apply pushdown accounting or conversely, factors that compel an entity to maintain its historical basis of accounting. MetLife does not believe that application of pushdown accounting should be mandatory.

Recognition and Measurement

The guidance on accounting for business combinations contained in FASB's Accounting Standards Codification (ASC) *Topic 805, Business Combinations* ("ASC 805"), only addresses accounting by the acquirer and not the acquired entity. We agree that an acquired entity that elects the option to apply pushdown accounting should reflect the new basis of accounting established by the acquirer by applying ASC 805 on business combinations in its separate financial statements, including recognizing goodwill in its separate financial statements. In addition, we agree that, for subsequent measurement, the acquired entity should follow the guidance in ASC 805 and other applicable U.S. GAAP to account for its assets (including goodwill), liabilities and equity instruments.

The proposed standard states that if the acquirer did not establish a new basis of accounting for the individual assets and liabilities of the acquired entity because it was not required to apply the guidance in ASC 805, the acquired entity should still apply the new basis of accounting under ASC 805 in its stand-alone financial statements without regard to the acquirer's accounting for the transaction. We would request that the FASB provide its rationale for the proposed accounting treatment.

In most cases the acquirer would be a reporting entity that already is required under U.S. GAAP to apply business combination accounting. Therefore, an election to apply pushdown accounting would not result in significant costs in applying the amendments in this proposed update. Under current practice, an acquired entity may recognize acquisition-related debt in certain situations where the debt is not the acquired entity's liability, as defined in FASB Concepts Statement No. 6, *Elements of Financial Statements*. We agree with the proposal that any acquisition-related debt incurred by the acquirer should be recognized in the acquired entity's separate financial statements only if the acquired entity is required to recognize a liability for that obligation in accordance with other applicable U.S. GAAP (for example, guidance on obligations resulting from joint and several liability arrangements).

Disclosure

MetLife agrees that an acquired entity that elects the option to apply pushdown accounting should provide the disclosures required by ASC 805, as applicable. In addition, we believe that the disclosure requirements should explicitly require disclosure of management's reasons for electing the option to apply pushdown accounting.

Further, since an option to elect pushdown accounting may lead to possible non-comparability in the basis of accounting, MetLife supports the proposed disclosure for an acquired entity that does not elect the option to apply pushdown accounting.

We appreciate the opportunity to comment on the Exposure Draft and offer our perspective. If you have any questions on the contents of this letter, please do not hesitate to call me.

Sincerely,

Peter M. Carlson

cc: John C.R. Hele
Executive Vice President and
Chief Financial Officer