May 2, 2016

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

File Reference No. 2016-210

Dear Ms. Cosper:

This letter is in response to your invitation for comments for the proposed ASU for *Changes to Disclosure Requirements for Defined Benefit Plans.*

I am Manager, Special Projects with ArcelorMittal USA. ArcelorMittal USA is the US subsidiary of ArcelorMittal S.A., the world's largest steel company. As a subsidiary of a European company, we report under both IFRS and US GAAP. ArcelorMittal USA is the successor to several notable US steel companies including Bethlehem Steel, LTV Steel, and Inland Steel. It has annual sales of over $9 billion and more importantly postretirement benefit liabilities of over $5 billion. I am responsible for overseeing the accounting for this area and have many years of experience related to this topic. Not only is my experience that of a preparer but also as a user. I frequently review the financial disclosures of our competitors and those of several joint ventures where we are an investor. Additionally this type of financial information is considered when making business acquisitions. My analysis is to understand how the promises to pay retirement benefits affect reported operating profits, future cash flows, and the value of the business. The views in this letter are my own and may not necessarily represent those of others in my company.

My understanding is that the FASB selected pension and postretirement benefits as a topical test of the disclosure framework due to post implementation review feedback that current disclosures are too onerous. The volume of existing disclosures for pensions and other postemployment benefits are way out of proportion to their importance. ArcelorMittal USA's disclosures on this topic are 7-1/2 pages out of 39 pages (our longest note). We have a joint venture where the length of this footnote is 7 pages of out of a total of 11, another joint venture where the footnote is 7 out of 15 pages, and a third that is 13-1/2 pages out of total of 22. I can't imagine any topic that merits taking up over half of the entire footnotes. Additionally these disclosures have grown over the years. The issuance of SFAS No. 132(R) in 2003 greatly expanded the disclosures but in my opinion added little information. One of our predecessor company's 1999 footnote for pension and OPEB was 1-1/2 pages versus 7-1/2 pages we have today. The scope of the benefits was about the same and the obligations were actually larger. Yet key information such as the components of expense and major assumptions use to value the obligation were disclosed.

Instead of streamlining disclosures, the exposure draft's outcome is the exact opposite. The proposed ASU is removing six required disclosure items (seven if you are a public company) and adding five new ones. But the disclosures being added are likely to be more voluminous than those being removed. Some companies have done a high-level update of their pension and postretirement footnote to model the proposed disclosure rules and estimate that the new disclosures would increase the length of the footnote by about 50%.

The proposed change to require a description of the nature of benefits provided, the employee groups covered and the type of benefit plan formula of a company's defined benefit plans appears to be particularly onerous without providing any meaningful utility to the reader of the financial statements. The proposed ASU suggests that providing the users of financials with the contractual terms of each plan will help the user to be able to evaluate future cash flows related to the plan. I question whether providing the information suggested would really result in an increased knowledge and insight into future cash flow impact of each plan. In addition, benefit formulas can often be complex, individualized by country, and sometimes individualized by type of employee within a country. It would be hard to summarize such complexities in general terms. Most multinational companies have numerous benefit plans, and in most cases, have multiple benefit plans in each country that differ from one another and are generally impacted by local country regulations. Benefit plan formulas may change frequently due to labor agreements or changes in local laws and regulations. It would be costly to retain and constantly update such information for numerous plans on a recurring basis for purposes of disclosure. I believe the proposed changes would add a significant amount of disclosure to an already sizeable footnote, without adding any particularly useful content (i.e. the costs exceed any relevant benefit).

Some of the language changes that the Board has made such as removing language such as "a minimum" are helpful in communicating that only material items must be disclosed. These are some good first steps that will help to improve disclosures and to try to get away from the current checklist mentality. The rules over disclosure should be shaped to help a preparer identify what important information should be communicated to a user to explain and help them understand what is contained in the financial statements, rather than an compliance exercise making sure each box is checked on a disclosure checklist. I believe the requirement to describe reasons for material actuarial gains and losses are an improvement in this direction. Requirements such as this one, which asks preparers to describe material changes in financial components helps users understand what is contained in the financial statements and what factors cause the recorded amounts to change. I believe this kind of disclosure and analysis is preferable to existing disclosures which are very prescriptive. Although analytical in is approach, it focuses on explaining historical results, which are the role of the financial statements, rather than discussing sensitivities or critical estimates which are best left out of the footnotes. The proposed disclosure is preferable to the equivalent IFRS requirement that requires a company to disclose all components of changes in actuarial losses by category, i.e. financial assumption change, demographic assumption change, or unexpected experience change. I don't believe most users understand what is in each category and simply knowing the breakdown by these categories does not inform a reader as to the underlying causes that lead to a gain or loss. I would like to see more disclosure requirements like this, than a list of what must be disclosed.

The proposed changes do not go far enough to remove disclosures that are costly prepare while not useful to users. I the Board should remove some of the current disclosures that provide limited value to users, particularly with respect to fair values. Where disclosures have grown without helping inform users is the great expansion of information related to plan assets. Although some information about plan assets is helpful, current disclosures are too extensive. Users might want to understand how a plan's assets are invested to see if the asset return assumption seems reasonable given the asset mix. Additionally a user might try to understand if a company has adopted a Liability Driven Investment (LDI) approach, where companies try to match the duration and characteristics of the investments to match those of the liabilities. This could be done if footnotes showed the current mix of plan assets by category, without showing how those assets are valued within the fair value hierarchy.

The objective of fair value disclosures and the fair value hierarchy is to give users some sense of the uncertainty involved in fair value disclosures and to use that information to help predict future earnings and cash flows. With respect to plan assets, the level 1, 2, and 3 disclosures are of little value as the classification of the investment is often a function of the structure of the investment. For example, a hedge fund may invest in other funds that in invest in stocks. The underlying value is relatively easy to determine (there is an activity market for the underlying stock), but because the investments is in a fund which is not actively traded, it would be classified as level 2 or 3. Showing this investment as level 2 would make the value seem more uncertain than it really is. The most meaningless disclosure is the reconciliation of level 3 activities. My company only prepares this information for the footnotes and such a rollforward is not used internally to manage the investments. I do not understand how a user would to be able to use this information to ascertain whether level 3 investments has been accurately valued to not. I find it doubtful that users are either using the level hierarchy or rollforward information to try to better estimate the funded position by revising the asset values or adjusting estimated future expense to get a more accurate asset return.

Fair value measurements are important when it directly relates to a company's business and those measurements are important to determine its net income or assess whether assets or liabilities on its balance sheet will be realized at their carrying values. It is less important for pension and OPEB. Most companies are dependent on their custodians or investment managers to make these valuations and classifications. Although companies are responsible for the numbers in their financial statements and need to understand the inputs that are used record their results, most valuation of plan assets is done by outsiders. For example, it would be unrealistic for a company to be the one to value the real estate holdings it owns in a real estate investment vehicle. Spending time describing how a company gets information provided by others is of limited value. Finally any variations in the actual asset returns realized are likely to be because of market forces outside of the company' control, or its investment strategy, and not because it improperly valued plan assets in a prior period.

The Board should remove the requirement to disclose the impact of changes in healthcare trend rates. Companies need to consider many assumptions when developing the projected benefits and disclosure the important assumptions. I don't understand why healthcare trend rate sensitivities are still singled out for disclosure. This would seem to be a MD&A disclosure and not a footnote disclosure. I can't think of any other disclosure requirements in US GAAP that require a pro forma discussion of the effects of a change in assumptions. Accordingly such disclosures should not be required in the footnotes.

Administratively I believe it would be much more efficient to have a single section for disclosures and not have separate disclosure sections for public and private entities. Almost all the disclosures apply to both and those apply only to public companies could be noted next to that disclosure. The codification would be much simpler if the requirements were listed once, with the disclosures that were not required of private entities highlighted.

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