EMERSON

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

File Reference No. 2016-200 – Proposed Accounting Standards Update: *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* and File Reference No. 2016-210 – Proposed Accounting Standards Update: *Changes to the Disclosure Requirements for Defined Benefit Plans*

Dear Ms. Cosper:

Emerson appreciates the opportunity to comment on the Proposed Accounting Standards Updates, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* and *Changes to the Disclosure Requirements for Defined Benefit Plans*. Our comments are made from the perspective of a diversified multinational company with numerous defined benefit plans throughout the world.

Pursuant to existing requirements that have grown significantly over time, very robust information is provided for defined benefit pension plans that enable users to assess the relevance of these plans to the company's financial position and results of operations. We believe no additional changes should be made unless and until a complete rethinking of the entire accounting and disclosure model for pension plans is undertaken. We believe users are lost in the detail of the current disclosures. Reduced but more focused disclosures would be more meaningful.

Pension expense should remain one number in the financial statements. Changes to the presentation of defined benefit costs are unnecessary as existing disclosure requirements provide transparency. We acknowledge that each component has unique characteristics and implications to users, and that detail is disclosed separately in the footnotes. However, the fundamental principle of pension accounting is the presentation of a single net amount and we believe that should continue to be applied consistently throughout the financial statements. Pension accounting and disclosures are already difficult to understand. Presenting the service cost components in Cost of Sales and SG&A and the other components in some Other line item(s) of the income statement would add additional complexity and confusion. Further, we do not support different expense and capitalization treatment for the service cost component as it is only one component of the total cost companies incur to provide these benefits.

Disclosure of the general characteristics of a company's benefit plans will not provide decision-useful information. The Board previously concluded in Statement 132(R) that disclosure of employee groups covered and the benefit plan formula were of limited use due to the general nature of the information. For companies with numerous plans, each with their own unique characteristics and benefit formulas, the aggregated disclosure will be boilerplate and of questionable use to investors. We continue to support the Board's position in Statement 132(R) that these disclosures should be provided voluntarily when meaningful, but do not support mandatory disclosure.

Proposed disclosures for investments measured at NAV are not relevant in the context of the sponsoring entity's financial statements. Pension investments are held in a trust and are assets of the plan, not the sponsoring entity. Generally, liquidity-related disclosures for investments measured at net asset value (NAV), such as redemption terms and restrictions, are not relevant to users of the sponsoring entity's financial statements. We believe existing disclosures, including the plans' funded status, are sufficient for users to estimate future benefit plan-related cash flows. These assets are invested and managed with a very long time horizon so unless there is something significant and unusual that would be relevant, no additional disclosures are warranted.

Discussion of reasons for significant benefit plan gains and losses is not necessary. Benefit plan obligations and assets often fluctuate from year-to-year due to changes in the discount rate, investment returns, and changes in actuarial assumptions, all of which are disclosed in the footnotes and the impact of which can be evaluated by investors. Unless there is a significant event or management action, no additional discussion is warranted.

We appreciate the opportunity to respond to these proposals and trust that our comments will be seriously considered in future Board deliberations.

Sincerely,

Richard J. Schlueter

Richard J. Schlueter
Vice President, Controller and
Chief Accounting Officer

cc: Frank J. Dellaquila
Executive Vice President and Chief Financial Officer