



October 25, 2010

Email delivery:

To: director@fasb.org

Subject: File Reference No. 1860-100

Technical Director – File Reference No. 1860-100
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Ladies and Gentlemen:

We thank you for the opportunity to comment on the Exposure Draft (“ED”) regarding “Compensation-Retirement Benefits-Multiemployer Plans.” Peter Kiewit Sons’, Inc. (“Kiewit”) is an international construction contractor, and through our operating subsidiaries, much of our volume is conducted under union contracts. As you may know, the construction industry is divided by craft jurisdiction. Thus, in any given area where Kiewit works as a union contractor, we will be signatory to a number of different unions, and each one typically will have its own pension plan and health and welfare plan. For highway work, we will typically be signatory with at least the local Carpenters, Laborers, and Operating Engineers, and often in addition with the Teamsters, Cement Masons, and Iron Workers. For power plant and water treatment plant work, we will usually be signatory with the local Pipefitters and often with the Boiler Makers. For commercial office building work, Kiewit often is signatory with as many as fourteen different local unions, and in some cases twenty-two different locals.

The construction industry is further fragmented in that the agreements are typically with local unions that only cover specific and limited geographic areas. By way of example, for the construction industry in California, there are separate local unions for the northern 33 counties, the southern 11 counties, and San Diego County. For the state, Kiewit has three Carpenter agreements, three Operating Engineer agreements, three Laborer agreements, and so on, each agreement with its own pension and health and welfare plans.

What all this means is that Kiewit contributes to a lot of multiemployer plans. Kiewit currently contributes to well over 150 different pension plans, and approximately the same number of health and welfare plans in the United States alone.

The possibility of liability coming due to construction contractor as a result of these plans is extremely remote. Generally, the only way a construction contractor becomes liable for a pension plan’s underfunding is if it voluntarily “withdraws” from the plan—a defined term under the Multiemployer Pension Plan Amendments Acts—which in most circumstances means that the company voluntarily

Financial Accounting Standards Board
October 25, 2010
Page 2

decides to not sign a new collective bargaining agreement with a particular local. Construction contractors rarely withdraw from plans. Further, a contractor can decide to stop performing work altogether in a jurisdiction and never incur a withdrawal liability.

Multiemployer health and welfare plans are not covered by the Multiemployer Pension Plan Amendments Acts, so there is no possibility of a withdrawal liability for these plans. Therefore a construction contractor would never incur such a liability.

We do not agree with the disclosures required by the ED for three reasons. First, we believe that the volume of disclosure required by the ED is misleadingly disproportionate to the potential risks posed by multiemployer plans in the construction industry. Under the requirements proposed by the ED, Kiewit would have to track the various required plan information for each plan, and provide extensive disclosures about an extremely remote obligation. The example disclosure provided in the ED is nearly two pages and addresses only a single plan. For companies like Kiewit that have large numbers of unions, disclosures could run for several pages. Providing such extensive disclosure on a risk that is extremely remote will confuse and potentially mislead financial statement users by making them believe the potential risk is more significant than it actually is.

Second, as you are aware, there is significant delay in the availability of information about multiemployer plans, and some of that data may not be complete. This problem is compounded for multinational companies as laws addressing the information to be provided by these plans will differ from one country to the next. As you also are aware, pension liabilities can be extremely volatile as a result of changes in the financial markets. We believe that disclosing information that does not reflect the current market conditions and that is potentially incomplete will be confusing and potentially misleading to financial statement users.

We have discussed the provisions of the ED with our bonding company, which is the largest bonding company in both the United States and Canada, and is also one of the most significant users of our financial statements. They strongly agree that the disclosures proposed by the ED are inappropriate for the two reasons discussed above.

The third reason we disagree with the disclosures required by the ED is that we believe the costs of compliance outweigh the benefits received by the financial statement users. On the contractor side, Kiewit will undoubtedly need to add full-time staff just for this activity. Kiewit will receive no benefit from this effort as the accumulation of this information will not be useful to management in decision making. It will simply be accumulated for inclusion in the financial statements. Moreover, Kiewit's nonunion competition would not have to hire such staff, thus creating a competitive imbalance.

On the union side, multiemployer plans typically have many employers contributing funds annually, and some funds have hundreds of employers contributing. The proposed ED would require these plans to provide information to the contributing employers each year to comply with the disclosure requirements. The plans will incur significant costs associated with compiling the information, presenting this to the contributing employers and addressing questions regarding the assumptions and required data. The costs of providing this information will either be absorbed by the plans—which would result in fewer benefits to the participants—or, more likely, be passed along to the contributing

Financial Accounting Standards Board
October 25, 2010
Page 3

employers. We feel that these costs greatly exceed the benefits of disclosing extensive information about an extremely remote liability.

Currently, our financial statements disclose that we contribute to union pension plans, the amount of the annual contribution expense, the number of agreements in which we participate, the number of employees participating in those plans, and the general period in which current agreements will expire. We also disclose that under federal law a withdrawal from a plan would result in a liability, and that we currently have no such liability. This disclosure both gives the reader an understanding of the size of our union obligations in relation to our financial results and makes it clear whether we are currently responsible for any withdrawal liabilities while doing so in a manner that is proportionate to the nature of the risk. We believe that this level of disclosure is appropriate for these plans and should be maintained. In the event that a withdrawal liability should become reasonably possible or probable, then we believe that additional disclosure should be provided as required by the existing guidance in Topic 450.

In sum, we believe that the disclosures proposed by the ED would place an onerous burden on Kiewit to maintain outdated information that bears little or no reflection on Kiewit's actual liability. We believe the current required disclosure is more consistent with the nature of the risk posed by these plans.

Thank you for consideration of our views. If you should wish to discuss them further, please don't hesitate to contact us.

Very truly yours,

Peter Kiewit Sons', Inc.

/s/ Glenn Summers
Glenn Summers
Deputy General Counsel

/s/ Michael J. Piechoski
Michael J. Piechoski
Chief Financial Officer

/s/ Michael Whetstine
Michael Whetstine
Controller