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Letter of Comment No: 4
File Reference: FSP123R-B
Date Received:

Director, TA&I—FSP Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Re: Comments on Proposed FASB Staff Position 123 R-b Practical Exception to the Application of Grant Date as Defined in FASB Statement No. 123(R)

Pfizer is a research based, global pharmaceutical company that discovers, develops, manufactures, and markets leading prescription medicines for humans and animals, and many of the world's best known consumer products. The Company's 2004 total revenues were \$52.5 billion and its assets were \$123.5 billion. We appreciate the opportunity to respond to the proposed FSP.

We think the following amendments are in order.

- 1. We suggest that this is an "interpretation" not an "exception".
- 2. We suggest the phrase "or management with relevant authority" (5) be replaced with the phrase "or equivalent" to match the earlier use of the phrase in the FSP (3).
- 3. We suggest the phrase "and conditions" be inserted after the phrases "key terms" (5 b.) to match SFAS 123R (Glossary).
- 4. We suggest the phrase "or known" be inserted after the phrase "communicated", which would make it consistent with SFAS 123R (A77) consideration of "established practice". Thus, if option exercise prices are known by employees to be set at fair value as determined such as the mean of the high and the low price of the day, such exercise price need not be communicated by the employer to the employer. Communication requires an action and may be known without such an action around the Board approval date.

5. We also suggest that the FSP may be more operational if some of the standard bases for delay in communication of the key terms and conditions be articulated. We suggest the following text be placed under 5. b. "A short period of time is a function of the facts and circumstances, which likely vary from company to company and may vary within a company from time to time. Common factors that contribute to a delay in the immediate communication of the key terms and conditions to company deemed grant recipients include the number of grant recipients, the geographic dispersion of grant recipients, country regulatory requirements, the customary methods of communication of grants, the complexity of the grant key terms and conditions, and uncontrollable external events like weather catastrophes. The maximum boundary for the timing of the communication would be when a company, after considering the facts and circumstances, could plausibly communicate the information."

We encourage the FASB to consider how this issue arose and how it undercuts the standard setting process. It appears that several parties got together to rewrite what the Board meant and the consequent creation of bright lines where none was the intent of the Board. We agree that the parties may have difficulty in making operational non-bright line approaches, but they need to adapt their processes to the judgment based approach that is necessary in accounting as we continue to look at substance over form and facts and circumstances to ensure that accounting reflects the appropriate economic realities.

Sincerely,

Loretta V. Cangialosi

Freds V. Carpellar

CC: Alan G. Levin

Executive Vice President and Chief Financial Officer