

August 7, 2008

Technical Director
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO. 200

File Reference No. 1600-100

Subject: FASB Exposure Draft: Proposed Statement of Financial Accounting Standards,
“Disclosure of Certain Loss Contingencies, an amendment of FASB Statements
No. 5 and 141 (R)

Dear FASB Technical Director:

Bristol-Myers Squibb Company is a global biopharmaceutical and related health care products company. The Company is engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of pharmaceuticals and related health care products. In 2007, we reported revenues of \$19 billion and total assets of \$26 billion.

We appreciate the opportunity to comment on this exposure draft. While we agree with the FASB that adequacy and timeliness of disclosures are important for readers of financial statements in assessing the “likelihood, timing, and amount of future cash flows associated with loss contingencies”, we do not believe that this proposal provides enhancements to the objective of “significantly improving the quality of disclosures”.

Disclosure of estimated maximum values of aggregated information, or of potentially severe but remote outcomes, would create significant confusion and may be more misleading than informative. Any specific quantitative and qualitative disclosures required for each contingency, beyond statement 5 requirements, would be misleading without providing context, likely to be prejudicial, and for which exemptions from disclosure are noted as being rare. Disclosure of litigation in early stages and generally inflated initial claims along with the required company’s reasons for disputing such claims could be misleading and could disrupt the judicial process. The cost of the assessment process necessary to comply with the newly required increased disclosures as well as the potential impact on ongoing litigation, is immeasurable, and would most likely significantly outweigh any resulting benefits.

We find the disclosure requirements under Statement 5 to provide an appropriate level of information to readers regarding significant litigation and other contingencies. Assessing contingencies on a probable, reasonably possible or remote basis serves as the best mechanism for accrual and meaningful disclosure, and sufficient reasons to challenge the principles under this standard based on the proposed statement are not supported.

If the FASB continues to pursue this path of challenging current disclosure requirements, we would recommend this be done in tandem with its plans for a comprehensive reconsideration of the recognition and measurement of certain nonfinancial liabilities, including contingencies. In addition, the effective date (years ending after December 15, 2008) in the proposed statement does not allow for sufficient transition time to prepare for any expanded disclosures, including assessment of any contingency matters to consider and to confer with advisers.

Please refer to the Appendix addressing certain additional points noted in the proposed statement, with our responses in bold.

We appreciate this opportunity to provide comments, and would be please to discuss this further at your convenience.

Sincerely,

David Levi

David Levi
Director Technical Accounting and Policy

CC: Josphe Caldarella
Vice President and Corporate Controller

Appendix

Question 3: *Should an entity be required to provide disclosures about loss contingencies, regardless of the likelihood of loss, if the resolution of the contingencies is expected to occur within one year of the date of the financial statements and the loss contingencies could have a severe impact upon the operations of the entity? Why or why not?*

Any disclosure of a remote claim provided under a threshold of “regardless of the likelihood of loss” would not be meaningful and would most likely be misleading. Meaningful disclosure of remote losses, especially those related to unasserted claims will be difficult to develop. In addition, what could be considered a severe impact in the near term would be highly judgmental. In any event, in either case not meaningful and potentially misleading. Meaningful disclosure should be based on at least a reasonably possible basis and regardless of when the likelihood of loss is expected to occur, as under Statement 5.

Question 4: *Paragraph 10 of Statement 5 requires entities to “give an estimate of the possible loss or range of loss or state that such an estimate cannot be made.” One of financial statement users’ most significant concerns about disclosures under Statement 5’s requirements is that the disclosures rarely include quantitative information. Rather, entities often state that the possible loss cannot be estimated. The Board decided to require entities to disclose the amount of the claim or assessment against the entity, or, if there is no claim or assessment amount, the entity’s best estimate of the maximum possible exposure to loss. Additionally, entities would be permitted, but not required, to disclose the possible loss or range of loss if they believe the amount of the claim or assessment is not representative of the entity’s actual exposure.*

a. Do you believe that this change would result in an improvement in the reporting of quantitative information about loss contingencies? Why or why not?

b. Do you believe that disclosing the possible loss or range of loss should be required, rather than optional, if an entity believes the amount of the claim or assessment or its best estimate of the maximum possible exposure to loss is not representative of the entity’s actual exposure? Why or why not?

c. If you disagree with the proposed requirements, what quantitative disclosures do you believe would best fulfill users’ needs for quantitative information and at the same time not reveal significant information that may be prejudicial to an entity’s position in a dispute?

Question 5. *If a loss contingency does not have a specific claim amount, will an entity be able to provide a reliable estimate of the maximum exposure to loss (as required by paragraph 7(a)) that is meaningful to users? Why or why not?*

We do not believe that disclosure of claims assessed, or if there is no claim, “the best estimate of the maximum possible exposure to loss”, will provide improved reporting of quantitative information requested by financial statement users. This information could prove to be misleading as well as prejudicial, and generally will bear no relation to the final outcome, given claims are often exaggerated and any explanation would generally not be meaningful. Requiring a range of losses would not make unavailable estimates any better, and aggregation of like natured contingencies could make certain ranges even more irrelevant. Mandatory disclosure of possible ranges for remote losses, exaggerated claims or maximum exposures to loss could significantly and negatively impact the ultimate outcome of ongoing or potential litigation. Any additional disclosures of contingencies should be limited to material and relevant facts of at least reasonably possible significant loss related claims.

In addition, the proposed statement states that the claim or assessment amount is an objective amount that is often publicly available and that provides relevant information about the maximum potential for loss. This is not the case for many contingencies.

Question 7: Will the tabular reconciliation of recognized loss contingencies, provided on an aggregated basis, provide useful information about loss contingencies for assessing future cash flows and understanding changes in the amounts recognized in the financial statements? Why or why not?

Question 8: This proposed Statement includes a limited exemption from disclosing prejudicial information. Do you agree that such an exemption should be provided? Why or why not?

We are not clear on the merits of a tabular presentation, and how individual contingencies would be aggregated to be useful by financial statement users. In addition, activities within the table could also be considered supportive to current or potential claimants, especially regarding any minor settlements, for which a prejudicial exemption would not provide sufficient relief. While such prejudicial exemption is critical, given the expectation of its use is rare, and any additional disclosures of maximum amounts of possible losses, claims and reasons for dispute would all be considered prejudicial, such exemption as defined would not be adequate to prevent inappropriate use of information by claimants.

10. The International Accounting Standards Board (IASB) continues to deliberate changes to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, but has not yet reconsidered the disclosure requirements. The existing disclosure requirements of IAS 37 include a prejudicial exemption with language indicating that the circumstances under which that exemption may be exercised are expected to be extremely rare. This proposed Statement includes language indicating that the circumstances under which the prejudicial exemption may be exercised are expected to be rare (instead of extremely rare). Do you agree with the Board's decision and, if so, why? If not, what do you recommend as an alternative and why?

Regardless of the use of the term “rare” or “extremely rare”, when the additional information that would be necessary to explain maximum potential losses, remote contingencies and reasons to dispute exaggerated claims would generally all be prejudicial, neither term is useful in providing relief from inappropriate use by claimants. In addition, we do not consider amendments under this proposed statement prior to convergence with IFRS to be useful given we consider IAS 37 and or its application to generally be more similar to the requirements under Statement 5.

12. Do you believe it is operational for entities to disclose all of the proposed requirements for interim and annual reporting periods? Should the tabular reconciliation be required only annually? Why or why not?

Unless specifically required, we believe that disclosures which have not been materially changed from prior year end reporting would not require updating in interim periods, consistent with the framework established under APB Opinion No. 28. We do not believe tabular reconciliation provides significant benefit, however if required, should only be prepared on an annual basis given the material update framework noted.