



October 7, 2008

LETTER OF COMMENT NO.

Mr. Russell G. Golden **FASB Technical Director** Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk. Connecticut 06856-5116

Re: Proposed FSP FAS 157-d

Dear Sir:

We are pleased to respond to the proposed FASB Staff Position which would amend FASB Statement No. 157, "Fair Value Measurements" (FSP).

Abbott is a \$26 billion worldwide company engaged in the discovery, development, manufacture and sale of human health care products. Abbott adopted SFAS No. 157 in 2006.

We have reviewed the FSP and have the following comments:

Paragraph A32C would appear to require an entity to demonstrate that the use of a Level 2 or 3 following the use of Level 1 in a prior reporting period, or the use of Level 3 following the use of Level 2 in a prior period must be "equally or more representative of fair value" than the approach used in the prior period. We do not believe this should be a factor. The requirement should be that the measurement applied in the prior period is no longer available or representative of fair value.

In paragraph A32D, the second bullet point discusses inactive quotes. In our view, whether the quotes are from inactive markets or active distressed markets, they are of little value in determining fair value. A32D seems to imply that these types of data be considered. In our view, neither of these





are credible market measures and in such situations need not be considered.

Aside from the two comments above, we believe after issuance of the FSP, the Board should reconsider the "exit price" concept in the definition of fair value of an asset. Conceptually, an exit price implies a need to exit the position, and would imply a discount to do so. Similarly, an "acquisition price" would imply a need to acquire an asset, and would imply a premium to do so. In our view, fair value for assets is between the two. Given the turmoil over application of fair value, reconsideration of the issue may be appropriate.

Sincerely,

Divisional Vice President

