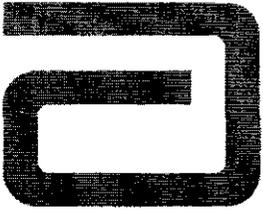


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November 13, 2008



LETTER OF COMMENT NO. 31

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

Re: Proposed Statement of Financial Accounting Standards—Amendments to
FASB Interpretation No. 46 (R)

Dear Sir:

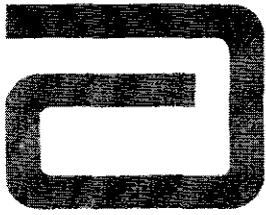
We are pleased to respond to the Proposed Statement of Financial
Accounting Standards—Amendments to FASB Interpretation No. 46 (R).

Abbott is a \$26 billion worldwide company engaged in the discovery,
development, manufacture and sale of human health care products.

We have reviewed the proposed amendments and have the following
comments in response to the questions:

1. Will the proposed Statement meet the project's objectives to improve
financial reporting by enterprises involved with variable interest entities and to
provide more relevant and reliable information to users of financial
statements?

Response: In a situation where an enterprise is the holder of variable interests
with no obligations, we do not believe the proposed statement improves
relevance. For example, assume an enterprise owns a handful of research
and development compounds it does not have the technical or financial
capabilities to develop. The enterprise is aware of a small group of
researchers who are capable and willing to take on the development risk, but
who do not have commercial capabilities should the development efforts
succeed. If the enterprise contributes the development compounds to a
thinly, but adequately capitalized entity owned by the group of researchers,

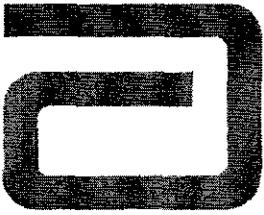


and the contributing enterprise receives an option to reacquire any of the compounds on favorable terms, consolidation of the VIE does not improve relevance. We believe that the requirement to consolidate an entity solely on account of being the holder of the primary variable interest despite having no ongoing obligation does not provide relevant financial statements. On the contrary, we believe the financial statements become less relevant. We do not believe this type of executory contract should result in any accounting at inception of the contract. However, if there is a need to present the effects of executory contracts in the financial statements, we would propose that the variable interest (the value of the option in this example) be recorded at fair value at creation (with the difference between the value of the variable interest and the carrying value of the consideration recorded in equity rather than income), and monitored for impairment as an indefinite lived intangible similar to acquired in-process research and development under SFAS No. 141(R). We believe such accounting would be an improvement over the proposed amendment.

2. What costs do you expect to incur if the Board were to issue this proposed Statement in its current form as a final Statement? How could the Board further reduce the costs of applying these requirements without significantly reducing the benefits to users of financial statements?

Response: Companies such as Abbott enter into many executory contracts in any given year. Often the counterparties are relatively small entities. In general, these contracts do not result in Abbott becoming a primary obligor. However, they may result in Abbott receiving variable interests upon the occurrence of future milestone events. We are unable to quantify the costs to research past executory contracts to identify variable interests. We believe the effort would be extensive. An inventory of contracts would need to be prepared and analyzed. Some of those contracts would require Abbott to contact the entity for further information which the entity may be unwilling, or in some cases contractually unable, to provide. We would view the costs as significantly disproportionate to the benefits.

3. The Board decided to adopt a more principles-based approach to determine the primary beneficiary of a variable interest entity. Do you believe the principles in paragraphs 14–14B of Interpretation 46(R), as amended by this proposed Statement, are sufficiently clear and operational?



Response: We believe the initial qualitative assessment is a significant improvement over the current standard. We believe that the Standard should not apply in situations where an enterprise is the holder of variable interests but not an obligor of the entity, as noted above.

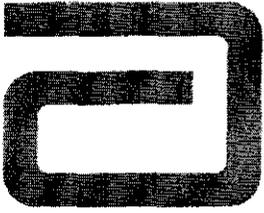
4. The Board concluded that it would be helpful to provide examples of the application of the principles in this proposed Statement. Do you believe that the examples in Appendix A clearly indicate how the principles in paragraphs 14–14B of Interpretation 46(R), as amended by this proposed Statement, would be applied? If not, please articulate what additional information or guidance is necessary, considering the basis for the Board's conclusions.

Response: The examples are helpful, but not comprehensive since they deal primarily with financial instruments and do not include executory contracts that create variable interests outside of financial instruments. If the intent of the standard is to include executory contracts, then we recommend that examples of executory contracts be provided.

5. This proposed Statement retains the quantitative analysis for situations in which an enterprise cannot determine whether it is the primary beneficiary through the qualitative analysis in paragraph 14A of Interpretation 46(R), as amended by this proposed Statement. In Appendix A, each example either identifies a primary beneficiary or concludes that no primary beneficiary exists through a qualitative analysis. The Board may consider removing the quantitative analysis for determining whether an enterprise is the primary beneficiary of a variable interest entity. Do you believe that the quantitative analysis is necessary based on the proposed amended guidance for determining the primary beneficiary? Do you believe that the quantitative analysis would be performed in many situations? Why or why not?

Response: In the example provided in response to question 1, it is common for the entity to be in several contractual relationships. Our experience has indicated that these entities have no desire, and may in fact be contractually precluded from, sharing quantitative information. We would support any effort to simplify the application of the standard, including limiting the analysis to a qualitative assessment.

6. For the reasons stated in paragraphs B6–B15 of this proposed Statement, the Board decided to require ongoing assessments to determine whether an



entity is a variable interest entity and whether an enterprise is the primary beneficiary of a variable interest entity. Do you agree with the Board's decision to require ongoing assessments? If not, please provide reasons (conceptual or otherwise) as to why you disagree with these requirements considering all of the proposed amendments in this proposed Statement.

Response: We would find this acceptable prospectively (i.e. new arrangements) since we could contractually negotiate for the required data, or alternatively, not enter into the relationship. We do not believe retroactive application is possible.

8. Financial statement users indicated that the information disclosed in accordance with Interpretation 46(R) about an enterprise's involvement or involvements with variable interest entities and the associated risks are often insufficient and untimely. Do you believe the disclosure requirements in this proposed Statement address those concerns?

Response: We believe 22C a and b are unnecessary and seem to imply that a reader of a disclosure is better able to determine the appropriate accounting than a preparer of financial statements.

9. Should the elements of a consolidated variable interest entity be required or permitted to be classified separately from other elements in an enterprise's financial statements?

Response: We believe the sole consideration as to required separation should be materiality to the section of the financial statements affected—current liabilities, for example.

Sincerely,

Frank J. Loughery
Divisional Vice President