



Pfizer Inc.
235 East 42nd Street
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Technical Director
File reference No. 2013-220
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116,
Norwalk, Connecticut 06856-5116

Pfizer is a research-based, global pharmaceutical company with its principal place of business in New York. We develop, manufacture and market leading prescription medicines for humans and animals. The Company's 2012 total revenues were \$59 billion and its assets were \$186 billion.

We appreciate the opportunity to respond, as a non-financial institution preparer, to the FASB Exposure Draft on Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*.

Some comments:

- Classification of Equity Investments (Except for Equity Method Investments) as FV-NI – We believe that the current “available-for-sale model,” which treats qualifying equity investments as FV-OCI, is a more appropriate model and minimizes non-predictive volatility. We understand that IFRS 9, *Financial Instruments*, permits an entity to make an irrevocable election, at initial recognition, to present subsequent fair value changes in certain equity instruments not held for trading as FV-OCI. Perhaps that option represents a pathway to compromise, without undermining the basic framework currently favored by the Board.
- Equity Method Investments – We believe that equity method investments should only be classified as held-for-sale when management has the intent and ability to sell. We foresee operational issues with the condition that “the investor has identified potential exit strategies even though it may not yet have determined the specific method of exiting the investment” (emphasis added). Also, the prohibition against subsequent reclassification is unnecessarily restrictive and punitive -- obtaining fair value for these types of investments is typically difficult and extraordinarily expensive. If there is a change in intent, requiring on ongoing assessment of fair value, beyond an impairment review, is unwarranted.
- Disclosure of Each Measurement Category on the Face of the Balance Sheet + Fair Value Disclosures on the Face of the Balance Sheet – We are unclear why this “at-a-glance” approach is necessary or desirable. We believe that the basic financial statements should be presented with amounts as required by U.S. GAAP standards. If the standard setters have agreed that a mixed attribute model is appropriate, representationally faithful and/or the best presentation among available alternatives, then let the financial statements be presented in that manner. Informative, supplemental information should not be accorded equal prominence. We believe that users could become confused, either from the cluttered presentation or simply from the dual measurement information. We believe that footnote disclosure is sufficient and preferable.
- Business model changes – We would appreciate it if the Board would provide examples of a “change in an entity’s business model” using facts and circumstances from other than a financial institution.
- Hybrid Financial Instruments – As acknowledged in the proposed ASU, the approach to embedded derivatives is asymmetrical between assets and liabilities. Please consider permitting an entity the option of bifurcating a hybrid financial asset.

We appreciate your consideration of these comments. We would be happy to discuss these matters further or to meet with you if it would be helpful.

Sincerely,



Loretta V. Cangialosi
Senior Vice President and Controller

Cc:

Frank D'Amelio
Executive Vice President, Business Operations and Chief Financial Officer