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Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
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LETTER OF COMMENT NO. 21

Re: Proposed FSP FAS 144-d, Amending the Criteria for Reporting a Discontinued Operation

Dear Technical Director:

Pfizer is a research-based, global pharmaceutical company with its principal place of business in New York. We discover, develop, manufacture and market leading prescription medicines for humans and animals. The Company's 2007 total revenues were \$48 billion and its assets were \$115 billion. We appreciate the opportunity to respond to the proposed FASB Staff Position (FSP) *FSP 144-d, Amending the Criteria for Reporting a Discontinued Operation*.

Generally, we are supportive of the FASB's initiatives; however, we do have concerns with respect to this proposed rule that we would like to share with you.

General

We find the proposed definition of discontinued operations unnecessarily restrictive. We agree with the sentiment in A2 that suggests discontinued operations are presented when a strategic shift in operations has taken place. However, we disagree with the Board's conclusion that an operating segment is the only level at which a strategic shift can occur. We believe any definition of discontinued operations should provide flexibility for management to decide whether a disposal activity represents a strategic shift of operations which should be reported as discontinued operations. If the definition were to remain as proposed, we then agree with the Board's view expressed in A5 that new disclosure requirements would be necessary to cure the communication gap that will result from this limiting approach to discontinued operations on the face of the income statement.

We also view it as significant that the exposure draft does not explain specifically what practice issues the proposal seeks to remedy. Although A2 points to too many activities being classified as discontinued operations as a criticism of the current definition of discontinued operations, it does not say what these improper activities are. Perhaps if we understood more clearly what is broken, we could more fully evaluate whether or not this

proposal is an improvement to current practice. It might also reveal that current practice issues are limited to a few industries or business models (for example, real estate companies), which might identify other alternative solutions.

Also, as the A2 concerns are attributed to “certain” preparers and “some” users, perhaps a principles-based approach would be preferable. If the data will be available either on the face of the financial statements or in the footnotes, perhaps the proposed FSP should permit preparers to evaluate and choose the best presentation, in consideration of their specific facts and circumstances, that would enhance the decision-usefulness of their specific information.

Given the radical change that this proposal represents and the lack of an explanation as to why this is an improvement, we request that the proposal be re-exposed with that information provided.

Definition of Discontinued Operation

We are concerned that restricting the definition of a discontinued operation to an operating segment level could exclude transactions that really are indicative of strategic shifts that have taken place.

Disposition transactions involve complex negotiations and often involve shared assets and liabilities. For example, in 2006, Pfizer disposed of its Consumer Healthcare business. As disclosed in our 2006 annual report, this business was composed of “substantially all of our former Consumer Healthcare segment, other associated amounts . . . that were previously reported in the Corporate/Other segment; and certain manufacturing facility assets and liabilities, which were previously part of our Pharmaceutical or Corporate/Other segment but were included in the sale of our Consumer Healthcare business.”

We are unclear as to whether this disposal would meet the definition of a discontinued operation under this proposed FSP. Would it? Would we show only the segment portion as a discontinued operation and the rest in continuing operations and then try to bring it all together in a footnote? Also, since we only disposed of “substantially all of . . . [the] segment,” would even that portion qualify as discontinued operations? Would ‘substantially all’ be sufficient? Would ‘most’ be sufficient?

We also suggest that disposals of activities at a level below an operating segment can represent strategic shifts in operations which make sense to report as discontinued operations. For example, prior to the 2006 disposal of our Consumer Healthcare segment, at one time this operating segment included several major businesses that were reviewed together by Pfizer’s Chief Operating Decision Maker. Over time, we disposed of these businesses and reported them as discontinued operations. Under the proposed definition, the disposal of these businesses may not have been reported as discontinued operations since they were not operating segments even though management believed

their dispositions represented significant strategic shifts in operations. We do not believe this is better accounting as investor will be presented with a murkier picture of results. Also, in this scenario, once the last of the individual activities within an operating segment is disposed of, would we be required to go back and move the earlier dispositions from continuing operations to discontinued operations now that the entire operating segment has been disposed of? It is not clear to us from the proposal how a situation like this would be treated.

We ask that the FASB add clarifying language as to how rigid the “operating segment” criterion really is. This would assist preparers with the practical application of this FSP.

Retrospective Application

We request the FASB reconsider the proposed requirement for retrospective application of this FSP to all periods presented. We do not believe the value to a user is increased substantially enough to offset the likely significant undertaking by preparers to retrospectively apply this FSP and therefore we request the FASB consider removing this requirement or making it optional.

In closing, we thank the FASB for allowing us the opportunity to share our views on the proposed rule amending the criteria for reporting a discontinued operation. We would be pleased to discuss any aspect of this letter that you may have questions or comments on.

Sincerely,

Loretta Cangialosi

Loretta V. Cangialosi
Senior Vice President and Controller