



November 17, 2009

**Mr. Russell Golden Technical
Director Financial Accounting Standards Board
401 Merritt 7 PO Box 5116
Norwalk, Connecticut 06856-5116**

**File Reference No. EITF0902
Submitted via email to Director@FASB.Org**

Dear Mr. Golden:

Bristol-Myers Squibb appreciates the opportunity to provide our perspective on the proposed Accounting Standards Update of Research and Development (Topic 730), “Research and Development Assets Acquired and Contingent Consideration Issued in an Asset Acquisition (A Consensus of the FASB Emerging Issues Task Force).” Bristol-Myers Squibb Company is principally a global biopharmaceutical company. In 2008, we reported revenues of \$21 billion and had total assets of \$30 billion.

General Comments

We do not support the current scope or proposed accounting under this ED, as it does not address all significant matters requiring attention in the related area. In addition, new inconsistencies in US GAAP accounting are introduced, creating further unnecessary complexity.

As proposed under this ED, we believe accounting for intangible assets acquired in an asset acquisition are not aligned with business combination accounting, a stated objective.

Further, it does not align the accounting for acquired intangible assets with internally-generated R&D costs that currently must be expensed. This would be an integral requirement in addressing inconsistencies in R&D accounting under US GAAP, and those with IFRS.

Responses to Questions

Question 1: Do you agree that the cost of acquired tangible and intangible research and development assets acquired in an asset acquisition should be capitalized, regardless of whether they have a future alternative use? Why or why not?

In-process R&D acquired in a business combination has been determined to qualify as capitalizable assets, as addressed in the issuance of FAS 141 (R). However, this was established despite acquired R&D assets generally having no alternative use. In addition those related programs are generally in an early stage of development, with low probabilities of success, uncertain economic benefits, and dependent on regulatory approval, as well as commercial success.

Under the ED, inconsistencies have been introduced requiring an in-process R&D asset acquisition to be measured at allocated cost, and under a business combination, such assets would be measured at fair value.

Convergence with IFRS is not fully supported, despite the ED stating that its “proposed amendments will more closely align U.S. GAAP with IFRS”, as internal development costs are to be capitalized under IFRS.

Many arrangements to obtain rights for the use of intellectual property in the pharmaceutical industry involve collaborations in the form licenses. We believe these arrangements generally do not represent the acquisition of an asset. Despite triggering achievement related payments in connection with development, rights may transfer back upon an event of default or abandonment, which is **not** common in connection with the acquisition of an asset. We believe this creates more complexity and requires further consideration.

Question 2: Do you agree that contingent payment arrangements in an asset acquisition should not be recognized at fair value unless those arrangements are derivatives?

We believe that different treatments create exceptions in accounting principles that could lead to further complexity. In addition, as noted above, in finalizing any decisions, a full conceptual framework for R&D costs should be undertaken, and the complexities of licenses under collaborations require further consideration.

Question 3: This proposed Update does not provide guidance for determining whether a contingent payment relates to future services or consideration for the asset acquired. Paragraph 805-10-55-25 provides guidance for determining whether payments made to the seller in a business combination after the acquisition date relate to the acquisition of the business or the performance of future services by the seller. Do you believe that additional guidance is necessary for assisting in making this determination in an asset acquisition? If you believe additional guidance is necessary, please provide any factors that you believe should be considered in making this determination.

We do not believe additional guidance is necessary.

We appreciate the opportunity to offer our comments.

Sincerely,

David Levi

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