

# Bristol-Myers Squibb

July 11, 2016

Technical Director  
File Reference No. 2016-230  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, Connecticut 06856-5116

**Re: Proposed Accounting Standards Update (ASU), *Intangibles—Goodwill and Other (Topic 350) Simplifying the Accounting for Goodwill Impairment***

Dear Technical Director:

Thank you for the opportunity to respond to the Exposure Draft *Intangibles—Goodwill and Other (Topic 350) Simplifying the Accounting for Goodwill Impairment* (hereafter the “Proposed Guidance”). Bristol-Myers Squibb Company (“BMS”) is a U.S. based Fortune 500 global specialty biopharmaceutical company with total revenues of \$16.6 billion in 2015 and total assets of \$31.7 billion as of December 31, 2015.

We highly support the objective to simplify how an entity is required to test goodwill for impairment by removing Step 2 from the goodwill impairment test. Specifically, we believe the Proposed Guidance will improve financial reporting as:

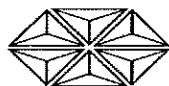
- The time and effort necessary for preparers of financial statements to complete their annual goodwill impairment test will decrease dramatically with the removal of Step 2 of the goodwill impairment test.
- By emphasizing Step 1 of the goodwill impairment test results, critical indicators of a company’s performance will still be assessed and transparent to the users of financial statements without the need for the added complexity of performance of Step 2 of the goodwill impairment test.

The following are our responses to the questions posed in the Exposure Draft that are relevant to our Company.

**Question 1: Do you agree with the proposed amendments to eliminate Step 2 from the goodwill impairment test? Why or why not?**

Yes, we agree with the proposed amendments to eliminate Step 2 from the goodwill impairment test. Doing so will simplify the accounting for potential impairment of goodwill and reduce costs associated with such accounting.

**Question 2: Should the requirement to perform Step 2 of the current goodwill impairment test be retained as an option? Why or why not? If the use of Step 2 is optional, should an entity be allowed to apply that option by reporting unit or should it be a policy election at the entity level applicable to all reporting units?**



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No, performing Step 2 of the current goodwill impairment test should not be retained as an option. The elimination of Step 2 would significantly reduce complexity and increase comparability. Retaining the option to perform Step 2 would significantly reduce comparability across companies and industries.

**Question 3: Do you agree with the proposed amendments to require all entities to apply the same one-step impairment test to all reporting units, including those with zero or negative carrying amounts? Why or why not? If not, what would be the suggested goodwill impairment test for reporting units with zero or negative carrying amounts?**

Yes, we agree with the proposed amendments to require all entities to apply the same one-step impairment test to all reporting units, including those with zero or negative carrying amounts. We believe this approach promotes consistency across all entities while also reducing complexity.

**Question 6: Do you agree that the proposed guidance to remove Step 2 from the goodwill impairment test should be applied prospectively? Should there be specific transition guidance for companies that previously adopted the goodwill accounting alternative for private companies in current GAAP but decide to adopt this proposed guidance after it becomes effective?**

Yes, we agree that the proposed guidance to remove Step 2 from the goodwill impairment test should be applied prospectively.

**Question 7: How much time would be necessary to adopt the amendments in this proposed Update? Should early adoption be permitted? Would the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?**

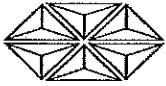
We believe it would not take a significant amount of time to adopt the amendments in this proposed Update. ASU 2011-08 *Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, which was issued in September 2011, permitted an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. Significant time and effort spent in preparing goodwill impairment tests was already drastically reduced through ASU 2011-08 and further efficiencies will be attained through the Proposed Guidance.

We believe that early adoption of the Proposed Guidance should be permitted.

**Question 8: Would the proposed amendments meet the Board's objective of reducing the cost of the subsequent accounting for goodwill while maintaining the usefulness of the information provided to users of financial statements? Why or why not?**

Yes, the proposed amendments would meet the Board's objective of reducing the cost of the subsequent accounting for goodwill while still providing useful information to users of financial statements.

**Question 9: Are there additional changes that should be made to the subsequent accounting for goodwill to meet this objective, including changes that might be considered in Phase 2 of the Board's project?**



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We believe an additional change that should be considered by the Board would be to align the timing of impairment testing under ASC 350 with ASC 360 *Property, Plant, and Equipment* so that goodwill impairment testing is only required upon the occurrence of a triggering event and not required at least annually.

**Question 10: Are there any unintended consequences resulting from the improvements to the Overview and Background Sections of the Subtopics (discussed in Part II of the proposed amendments)?**

No, we do foresee any unintended consequences resulting from the improvements to the Overview and Background Sections of the Subtopics discussed in Part II of the proposed amendments.

We greatly appreciate your consideration of our comments and invite you to contact us if you have any further questions regarding our above comments on the Proposed Guidance.

Sincerely,

A handwritten signature in cursive script that reads "Robert Owens".

Robert Owens  
*Vice President & Assistant Controller*

A handwritten signature in cursive script that reads "Tim Kocses".

Tim Kocses  
*Director, Corporate Technical Accounting*

