

April 20, 2009

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-27-08

Dear Ms. Murphy:

The National Retail Federation (NRF) welcomes the opportunity to comment on the SEC's *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers* (Roadmap). NRF is the world's largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry's key trading partners of retail goods and services. NRF represents an industry with more than 1.6 million U.S. retail establishments, more than 24 million employees - about one in five American workers - and 2008 sales of \$4.6 trillion.

The retail industry fully supports comparable and transparent financial reporting and, given the global marketplace, understands the benefits of converging to a set of accounting rules applicable to companies across borders. However, the current Roadmap contains several areas that are particularly concerning to retailers, mainly due to complexities specific to the industry such as the vast network of stores and locations, inventory methods, and significant amounts of Property Plant & Equipment (PP&E).

Inventory Methods – U.S. GAAP vs. IFRS

The retail inventory method (RIM) is an acceptable method of inventory valuation under U.S. GAAP and is widely used within the industry. Retailers are expressing serious concern that based on early interpretations RIM may not be an acceptable inventory costing method under IFRS due to the impact on ending inventory valuation from permanent markdowns. In addition, there is also uncertainty over the use of multiple inventory costing methods under IFRS. It is common industry practice for retailers to use multiple inventory methods, such as the retail method for stores and the cost method for distribution centers. If the conclusion is that only a single costing method is permitted under IFRS, retail companies will be significantly impacted. Lastly, LIFO is permitted under U.S. GAAP but is explicitly prohibited under IFRS. Depending on how that change is made, we're concerned that it could result in a large retroactive tax increase for retailers currently on the LIFO method.

Changing inventory methods is a major process change for retailers; it will result in significant system and process conversion costs as it touches so many key retail systems. In our opinion, there would be no value add from a profitability and efficiency perspective from these expenditures and the time required to implement the changes would be costly.

IFRS Impact on IT Systems

The retail business model is to offer multiple products, in many departments, in multiple locations that are convenient for customers. As such, retailers have significant investments in property, plant, and equipment (PP&E). IFRS requires component accounting for PP&E and retailers' fixed asset accounting systems are not currently configured for such accounting. Both the PP&E more granular accounting requirements, as well as the potential changes in inventory costing methods under IFRS, would be particularly onerous for the retail industry and would necessitate a substantial investment of time and money to update systems. This is especially troubling given the current economic pressures that the retail industry faces. As companies focus on efficiency and cost savings, it is a challenging time to implement a new project, such as the conversion to IFRS. At minimum, the industry requests a longer lead time in order to balance the competing priorities in a cost effective manner.

Challenges with Education and Training

A significant investment in time and cost will be required to retrain accounting staffs. At the same time, most companies operate with very lean staffs thereby compounding the workload. Companies are concerned that there is not adequate time or resources for accomplishing this. Colleges and universities aren't yet fully prepared for IFRS and while the accounting firms have the knowledge, they have only limited resources. Some of the largest retailers are concerned about adequate training for staff, while the small and mid-size companies face even greater challenges as they have fewer staff to work with.

In addition to training staff, financial statement users will need to be educated, as statements will look significantly different under IFRS. Since IFRS is more principles based than U.S. GAAP, it is imperative that adequate time and resources be devoted to education and training for both preparers and users of financial statements. Moving away from a rules based set of standards could greatly distort the comparability of like companies based on each company's accounting policies.

Additional Complexities with Tax and Financial Covenants

When converting to IFRS, financial covenants will need to be rewritten to take into account changes to the financial statements. Performance metrics for executive compensation will need to be updated. Taxes will become significantly more complex as there will need to be additional reconciliations when reporting to the IRS. For example, to use LIFO for tax purposes as the U.S. tax code allows, companies must use LIFO in their external financial reporting, which is not allowed under IFRS. Switching from LIFO to an alternative inventory method would be highly complex and extremely costly for retailers. For these reasons, we ask that additional considerations be given before strictly prohibiting the use of LIFO.

The preference of the retail industry is to let international convergence evolve, such is currently the case with the joint efforts of the FASB and IASB, rather than establishing a strict roadmap for IFRS. There are significant differences between U.S. GAAP and IFRS that will need to be worked out over time. Not least is the concern that the principles-based IFRS is incomplete when compared to the rules-based U.S. GAAP. The U.S. GAAP guidance is relied upon by issuers and auditors and helps ensure consistency across industries and markets. We believe the outcome will be better if convergence is obtained over time because the process will

be much more deliberative, slow, and steady versus making rushed decisions based on a tight timeline.

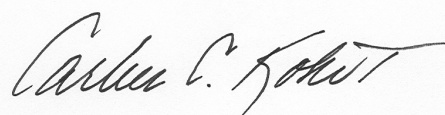
If, however, the SEC decides to move forward with the convergence Roadmap, it is important that a clear decision be made and communicated to issuers. Confusion is widespread in the marketplace as companies try to discern the SEC's timeline and sense of urgency with respect to IFRS, particularly given the change in Administration. According to a survey by the Controllers' Leadership Roundtable, 71% of companies are slowing their implementation efforts due to regulatory uncertainty and the economic crisis. In light of comments made by staff members, we ask the SEC to be clearer about any changes that might be made to the Roadmap and timing of convergence so that company resources can be strategically deployed.

Additionally, we note that under the current proposal, 2011 is the date for final determination on the implementation timeline. It is our strong preference that if it is the SEC's intent to proceed with the Roadmap that a clear and definite date for conversion is given now, rather than waiting until 2011. Companies want more lead time and more certainty, as they would need to begin parallel reporting using both U.S. GAAP and IFRS at the start of 2012 if it is required that U.S. issuers begin using IFRS in 2014. To be clear, this timeline translates to significant resource commitments in both dollars and human resources in the near term for the planning phase associated with IT infrastructure and process changes,

Given the economic challenges that our industry is facing, we feel it is in retailers' best interest to focus their efforts on shareholder value, cost savings, and business efficiency. This is not the time to be making a wholesale accounting change. It is for these reasons that we ask the Commission to suspend the proposed Roadmap and let the FASB and IASB continue to work towards convergence over time.

NRF thanks the Commission for its consideration of our comments and suggestions and welcomes any further discussion on the topic.

Sincerely,



Carleen C. Kohut
SVP and Chief Financial Officer