January 28, 2009

Florence E. Harmon
Acting Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Reference: File Number S7-27-08

Dear Ms. Harmon:

I am writing this comment letter in response to the recently published proposed rule, "Roadmap For The Potential Use Of Financial Statements Prepared In Accordance With International Financial Reporting Standards by U.S. Issuers." The views expressed below are my own and do not necessarily reflect the views of Allergan, Inc., its officers or employees.

As a preparer of public company financial statements, I have come to the stark conclusion that there is no real, material benefit to be gained that outweighs the costs to public companies in the United States from adopting International Financial Reporting Standards ("IFRS"). The top 10 points, in no particular order, supporting my conclusion are listed below for your consideration.

1. Recent mutual recognition in both the United States and Europe public capital markets for financial statements prepared in accordance with either U.S. GAAP or IFRS obviates the need to adopt IFRS, or U.S. GAAP in the case of European public companies, in order to effectively compete for capital in the two largest public markets in the world. Local regulators have chosen to accept each others' accounting standards as effective equivalents, and will review local filings in the context of the accounting standards chosen. Other capital markets outside of the United States and Europe will probably follow suit and provide the same mutual recognition as a solution to issuers desiring access to those markets who operate under either IFRS or U.S. GAAP accounting standards.
2. The FASB and IASB are currently promulgating new accounting standards or revising older standards in their respective jurisdictions that are essentially in harmony with each other. Given enough natural time to pass, this convergence process will result in IFRS and U.S. GAAP harmonization over a reasonable future period of time, without the abrupt costs and confusion of a more hurried approach to switching to IFRS before companies are truly prepared to accept a change to only one international set of accounting standards.
3. The estimated costs and time it will take for a public companies to effectively switch their accounting systems, reporting practices and internal control procedures from U.S. GAAP to IFRS is conservatively estimated, based on my discussions with some of the major U.S. auditing firms, to be approximately 0.5% to 1.0% of current annual revenues and two to three years of intense integration

activities. If I conservatively assume that U.S. public companies have aggregate annual revenues in excess of $12 trillion (based on a table compiled by the U.S. Securities and Exchange Commission listing total U.S. public company revenues at $11.752 trillion as of March 31, 2005 and extrapolated forward for three years using a 3% growth factor), U.S. public companies will ultimately incur total one-time costs over an intense two to three year integration period of approximately $60 billion to $120 billion in order to adopt IFRS in the United States. As a subset of the above amounts, 2007 annual revenues for S&P 500 constituents were approximately $8.6 trillion and Russell 2000 constituents another $1.4 trillion (as recently analyzed by a nationally recognized investment bank), so the combined cost to only these two groups of American companies will be approximately $50 billion to $100 billion. To me, this massive amount of administrative expense, for the sake of administrative change, is not justified and may result in significant cost cutting in other areas that could more effectively help these companies to grow their businesses.

4. The need for two sets of standard setters in the United States will not end if U.S. public companies switch to IFRS. Private companies in the United States, which far outnumber public companies, will continue to be governed by U.S. GAAP for the foreseeable future. There is currently no viable roadmap for the wholesale adoption of IFRS by both private and public companies in the United States. The duplicate costs to maintain U.S. GAAP going forward will need to be borne by those private companies which asserts an additional undue cost burden on corporate America.
5. The lack of current experience, education, training and certification programs in the United States related to IFRS necessitates the need for a much longer planning and cutover horizon before considering switching to IFRS. What makes good accountants great is their ability to interpret and apply accounting standards to highly subjective areas based on a sound economic understanding of the transactions and the related accounting principles applicable to those transactions. A continued, more gradual convergence process between IFRS and U.S. GAAP over time, as noted in point (2) above, will allow for a more orderly transition, if desired, to IFRS at a more appropriate stage in the experience, education, training and certification evolution time table.
6. The litigation environment in the United States must change before any possible adoption of IFRS in order to allow preparers and auditors the necessary judgment to apply accounting principles based on reasonable interpretations and documentation of the facts and circumstances, without the threat of unreasonable shareholder lawsuits. I personally believe that shareholder lawsuit attorneys and trail lawyers are salivating over the prospect of a greenfield opportunity to litigate IFRS in the untested, untried U.S. courts. If anyone believes that IFRS will not be impacted by resulting interpretative rules as a result of these types of lawsuits, they are living in a dream world. U.S. GAAP has many interpretative rules as well as basic accounting principles because people need rules to keep their actions within appropriate bounds. I believe a review of human history will clearly indicate the need for specific laws and regulations in order to influence behavior in a way that provides consistent adherence to any type of principle prescribed.

Also, I think the jury is still out on the question of who will be the ultimate standard setters for U.S. public companies who report under IFRS, the IASB, the SEC (especially the divisions of corporation finance and enforcement) or the U.S. courts, and can there ever be a pure IFRS, unaffected by local court or regulator interpretations? Without a clear legal environment change and long-term international commitment for absolute singular regulation and interpretation, uniformity in application will not be achieved.

7. The U.S. internal revenue code and related regulations and U.S. state and local tax codes and related regulations must be modified to allow for IFRS accounting principles to be applied in the preparation of income and other business-type tax returns. Both the United States and foreign countries have disparate income and business tax regimes. This will not change no matter what accounting standards are adopted for financial statement reporting, so in order to allow public companies to switch to IFRS, the related tax codes that refer to U.S. GAAP must all be modified. If this change does not occur, public companies will be required to continue to keep a set of U.S. GAAP books that can be used for certain areas of tax compliance in the United States. This will result in a requirement to maintain multiple series of books and records in order to comply with local tax and statutory regulations. This will also be compounded around the world by the fact that every local country can require similar non-IFRS accounting standards to apply to local country tax returns and statutory reports. Image the widening differences over time for those statutory legal entities that are affected by multiple parent-company acquisition scenarios that must continue to carryover historical non-IFRS bases of accounting in order to file local tax returns and statutory reports. There will be no end to the need to understand and use duplicative complex accounting standards. The adoption of IFRS will not alleviate this issue, and will only compound the problem.
8. Because of the overwhelming significance of this proposal to change to IFRS and the incredibly high cost of change noted in point (3) above, one of the milestones should be to ask the U.S. Congress to approve this change due to the impact on U.S. businesses. Without a full commitment by the U.S. Congress to prescribe this type of far-reaching regulatory change, U.S. companies will be hard pressed to wholeheartedly make the necessary changes. The U.S. Congress must be willing to let U.S. public companies be regulated by a designated international regulatory body that has teeth when it comes to prescribing consistent application of accounting principles by regulated companies. The U.S. Congress should also ask for the completion of an independent analysis of the "real" benefits and projected costs of this type of change (from the perspective of users of public company financial statements as well as public issuers, including CEO and CFO perspectives), and not let it be just an academic exercise for the sake of change, as currently advocated by a subsidiary U.S. government agency.
9. In a report addressing accounting principles issued in 2003 by the U.S. Securities and Exchange Commission ("SEC"), the SEC stated, "In the staff's view, U.S. generally accepted accounting principles ("GAAP"), despite being the historical product of a mixture of standard setting approaches, constitutes the most complete and well developed set of accounting standards in the world" and "We believe

that neither U.S. GAAP nor international accounting standards, as currently comprised, are representative of the optimum type of principles-based standards" and "This study concludes that objectives-based oriented standard setting is desirable and that, to the extent U.S. standard setters have not already done so, the benefit of adopting this approach in the U.S. should justify the costs." To me these statements, and in fact the whole report issued back in 2003, means that U.S. GAAP should not be thrown out the window but rather it should follow a course of evolution over time towards objectives-based standards, which is exactly what is occurring in the case of convergence discussed in point (2) above. We need to give the current process of convergence the time it needs to succeed before any projected wholesale adoption of IFRS, and then ultimately any future international harmonization will be significantly less dramatic and costly.

10. Does the world really need only one financial reporting language? That seems like a lofty goal when one considers how many major spoken languages there are in the world. Do we ultimately need an organization similar to the United Nations to regulate the accounting principles followed by public companies in the various countries of the world, and can that type of body deal with the political reality of balancing each local country's needs for favorable interpretations and adaptation? I believe that users of financial statements are smart enough to learn to evaluate a company's prospects based on whatever accounting principles are applied. Of course it will help investors to compare results if those principles are basically the equivalent of each other. But as long as financial reports are properly prepared and include thoughtful and appropriate disclosures to help the reader understand what the economics are, no matter which accounting principles are applied, either IFRS or U.S. GAAP, the user will be able to use his reasonable judgment to make an informed decision based on that information. The best companies in the world will meet the needs of its users or capital will flow to others. That's how it should be. Ultimately the markets should decide how to reward public companies who prepare financial statements that take or avoid the necessary steps to improve the quality of financial reporting using the evolving standards of today and tomorrow.

One last point. I am very concerned about the independence of the major accounting firms in providing an unbiased view in relation to the adoption of IFRS. The service fees that will be generated by those accounting firms for this type of requirement are astronomical. I estimate based on my own company, that it will cost three to four times more to implement an IFRS conversion than it cost to adopt the necessary internal control provisions of the Sarbanes-Oxley Act requirements. Again, why are these costs for change so necessary now? Is this the best use of our limited company resources during these uncertain economic times, and why should we not continue to take a more gradual, natural evolution to improving accounting standards in the United States and the rest of the world through mutual participation of the standard setting bodies? A mandated switch to IFRS by U.S. public companies will be a very difficult process, and the costs will far outweigh any imagined benefits.

Thank you for your consideration.

James F. Barlow
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(Principal Accounting Officer)
Allergan, Inc.