

The excerpts below are from comment letters filed with the SEC pursuant to the November 2008 “Roadmap” proposal to allow U.S. Companies to use IFRS. In a few instances acronyms are used in the interest of brevity. The comments are organized according to the general topic heading despite some applicability to other topics.

Strategic Remarks

We recommend that the SEC form a broad-based Advisory Committee, comprising representatives of the many different parties that have a stake, or interest, in the U.S. financial reporting system... That group would be charged with identifying, from each of those varying perspectives, the implications of possible changes in the U.S. financial reporting system... In summary, while the FAF and the FASB continue to support strongly the ultimate goal of a single set of high-quality global accounting standards as part of a global financial reporting system, in our view, additional study is needed to better identify, understand, and evaluate the strengths, weaknesses, costs, and benefits of possible approaches the U.S. should take in moving toward that goal. – *FASB*

Until a single set of standards that produce such a result exists, with a demonstrated record of compliance and enforcement, we believe it is premature and unwise to move away from U.S. GAAP... However, we have serious doubts as to whether the proposed roadmap, as currently envisioned, will tangibly benefit investors' interests... In our view, the proposal fails to provide sufficient support as to why it presents a better course of action than the current on-going convergence efforts... Those efforts, begun in 2002, have intensified in recent years and have recently started to produce high-quality jointly-issued standards, such as the revised business combination and non-controlling interest standards. – *Investors Technical Advisory Committee, FASB*

[W]e respectfully request that the SEC publish specific guidance on why IFRS is needed in the U.S. and the data that supports that conclusion.... We believe the Commission has not yet presented a thorough case for why the amendments are needed, nor has it presented objective data as to the anticipated benefits if a move to IFRS is made. Therefore, we cannot conclude whether the proposed amendments, if adopted, would promote efficiency, competition and capital formation. – *Progress Energy*

Conversion to IFRS for the sake of uniformity would be counterproductive if the quality of these standards is not as high as that of current standards. If that is the case, conversion would be detrimental to accounting practices in the US. – *Edison Electric Institute*

There appears to be no public interest basis for mandating the move to IFRS at this time, or foreseeable future, for the public utility industry. – *National Association of Regulatory Utility Commissioners*

We note that while we support establishing a single set of high-quality accounting standards, the capital market efficiency gains desired are not obvious to us at this time. Our investors and lenders have not expressed any preference to see our financial reporting converted to an IFRS presentation. – *Southern California Gas*

First, little existing research directly addresses whether U.S. investors, issuers, and markets would benefit from implementation of IFRS in the U.S. One reason is that comparative evidence on IFRS versus U.S. GAAP financial reporting by U.S. issuers is not available because U.S.-domiciled issuers have exclusively used U.S. GAAP in their financial reporting... We find that little empirical evidence is directly relevant for the policy question of whether U.S. issuers should be required or permitted to adopt IFRS, although there are widely divergent opinions regarding this question. We recommend further analysis of the costs and benefits of a mandated transition to IFRS for U.S. issuers, investors, and markets. – *AAA, International Accounting Section*

U.S. GAAP is a set of high-quality accounting standards. If other major countries are able to introduce their own jurisdictional variants into IFRS, there is no compelling reason for the U.S. to switch from U.S. GAAP to IFRS. – *First Energy*

We are not aware of any user of our financial statements that would prefer that we use IFRS to report our results. We believe the Commission should consider as part of the study called for in the Proposed Roadmap whether users of the financial statements prefer and support a conversion to IFRS. – *tw telecom*

The results of the IFRS survey of financial officers of MAPI member companies reflect a lack of enthusiasm for the proposed transition to IFRS. Significantly, 75 percent of the financial officers who participated in this survey generally do not believe that IFRS will have a significant impact on investors, because the financial information provided under IFRS or GAAP will be approximately of equal value, or companies will continue to provide U.S. GAAP financial reports. Participants elaborated on this point in free form comments, in which they noted that U.S. companies and investors generally have not “asked” for IFRS and cautioned that “The United States should not give up its historical leading position in the development of Generally Accepted Accounting Principles (GAAP).” – *Manufacturers Alliance / MAPI*

Personally, I think it was probably a mistake to permit foreign companies to trade shares in US markets without providing that reconciliation between IFRS and US GAAP. – *Teresa P. Gordon, PhD, CPA, University of Idaho*

In our opinion, converting to IFRS is a solution without an underlying problem. In fact, we have never heard an investor in our company, any stock analyst covering Marriott, or any lender with which we do business in the United States or abroad suggest to us that they would prefer we report our results in IFRS. – *Marriott*

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 assert an additional undue cost burden on corporate America... 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..., and not let it be just an academic exercise for the sake of change, as currently advocated by a subsidiary U.S. government agency. – *Allergan*

However, no set of accounting standards will be considered truly global until they are permitted or required for companies domiciled in the United States... – *IBM*

In summary, we believe the adoption of IFRS in the US is overdue and important in the context of a rapidly globalizing economy. – *XenoPort*

While we acknowledge the perception of a benefit of a global set of accounting standards, we believe further research, analysis and dialogue is necessary to determine if the potential benefit outweighs the cost of a transition to IFRS. Regions is surprised by the dramatic change in direction on this issue by the Commission during 2008. The dialogue swiftly moved from a discussion regarding elimination of a footnote reconciliation for a small number of foreign issuers to consideration of a wholesale requirement for all public companies to transition to IFRS. – *Regions Financial*

The Roadmap does not provide compelling arguments to support the conclusion that IFRS is better than U.S. GAAP, and in fact puts forth a number of comments that would indicate that U.S. GAAP meets the needs of investors and issuers in the global capital markets that exist today... We agree that U.S. GAAP is widely understood and accepted around the world and do not believe that U.S. issuers will significantly benefit from moving away from U.S. GAAP. – *McDonald's*

If the Commission favors simpler financial reporting based on principles, it should consider a competitive model, and promote creation of an accounting court (proposed by Leonard Spacek in the 1960s) which judges financial reporting by the compass of “true and fair” representation. Business and accounting community will also have to take some responsibility for their social norms; financial reporting cannot depend on written standards alone.

– *Shyam Sunder, PhD, Professor of Accounting, Economic and Finance; Yale School of Management*

We believe that the primary item to be addressed in the final issuance of the Roadmap is certainty regarding the adoption date of IFRS for U.S. filers. – *Eli Lilly*

The Commission should seek to foster a broad consensus on transition to IFRS, and at the moment there is no specific timetable or specific set of criteria that will command a consensus. Accordingly we recommend that the Commission not take further action at this time on the Roadmap. – *Cleary Gottlieb Steen & Hamilton LLP*

Costs Considerations

Converting to IFRS could possibly be the single most costly and extensive change to accounting that our profession has yet to experience. – *Sempra Energy / Southern California Gas*

The Big Four, a group that this proposal would benefit enormously from a business standpoint, is also likely to enjoy a significant technical knowledge advantage over their regulator if this proposal is enacted. The Big Four already dominates the market for audits of global enterprises, and there have long been concerns about the concentration of power in the auditing profession. We are uncomfortable with the additional monopoly status that this proposal's convergence approach would confer upon them. – *Investors Technical Advisory Committee, FASB*

The cost to convert to IFRS is likely to far exceed the costs to adopt Section 404 of the Sarbanes-Oxley Act of 2002. – *Progress Energy*

We believe that in the current business and economic environment, any monies spent on IFRS implementation would be a misused resource with little or no return. We would prefer to utilize these funds in our core operations to further the goals of our stakeholders. – *Marriott*

We believe that the costs to convert to IFRS will be extraordinary. The total cost to convert to IFRS is extremely challenging to capture since it involves both quantifiable cash costs, as well as the cost that the distraction and reallocation of resources will cause to businesses. The cash costs alone will be significant and would include the costs for changing IT systems, updating policies and procedures, documenting and testing internal controls, training personnel, paying for duplicate audits during the transition period, and maintaining multiple sets of books. The fact that the U.S. tax code refers to U.S. GAAP means that, absent a modification in tax code, U.S. companies would need to continue to keep a set of U.S. GAAP books. Even if the U.S. tax code is modified, companies would need to keep two sets of books during the proposed three-year transition period. – *McDonald's*

With revenues in excess of \$40 billion, this would imply a potential cost to us of over \$50 million. – *PepsiCo*

In general, we believe the costs of IFRS conversion will significantly outweigh anticipated benefits to be realized by most market participants to compete in a global marketplace. – *Northrop Grumman*

We cannot justify the significant cost of implementing IFRS absent a strong business case regarding benefits to our company. The cost estimates of initial implementation included in the Roadmap clearly indicate the enormity of the effort. – *Air Products*

The SEC gives no objective evidence or substantive arguments that the costs of the Roadmap will not far outweigh the benefits. – *Michael Pakaluk, PhD*

The large international “network” firms may use their international aura and link it to IFRS as having greater expertise than their smaller competitors. Commission’s mandate for US registrants to use IFRS may place the smaller firms at a relative disadvantage, and result in a further increase in the concentration in the market for audit services. – *Shyam Sunder, PhD, Professor of Accounting, Economic and Finance; Yale School of Management*

Our internal estimate of our conversion cost is a range of \$20-30 million. – *Eli Lilly*

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. – *Allergan*

For a global company like ours, these benefits include standardized reporting systems, efficiency in accounting training, and efficiency of financial statement review. However, these benefits are limited to the extent that various government and regulatory bodies in countries we operate in adopt IFRS as issued by the IASB for all of their reporting requirements. Failure to achieve this consistency in reporting standards minimizes or eliminates any benefits. At the present time, we do not see any other significant benefits to offset the expected costs in adopting IFRS. – *Wal-Mart*

Governance, Enforcement & Jurisdictional Issues

Those doubts have been confirmed by the October capitulation of the IASB when European Union politicians, at the behest of the banking and insurance lobby, coerced the IASB into amending its accounting standards on the classification of financial instruments without any public due process, including without any solicitation or consideration of investor input. – *Investors Technical Advisory Committee, FASB*

IFRS is not a set of high-quality global accounting standards, and their adoption would subject companies to standards for which they had no participation in the standard-setting process... Currently, the IASB is overseen by the IASC, which has no link with securities regulators. We share the Commission’s concern that the existing IASC/IASB structure does not provide the regulatory and statutory safeguards, due process and oversight that is provided by the Commission here in the U.S. – *Sempra Energy / Southern California Gas*

With more than 110 countries permitting or requiring IFRS or basing their local standards on IFRS, it is imperative that each country use the same version of IFRS and do not adopt a localized version. However, we understand that a number of countries/jurisdictions have adopted a tailored approach of IFRS which defeats the purpose of a single global standard. We suggest the Commission add a milestone to monitor the willingness of countries to eliminate all local versions of IFRS and commit to moving to a global standard. – *McGraw-Hill*

Finally, we are concerned that the Roadmap does not sufficiently address the ability of governmental agencies such as the European Union to endorse standards issued by the IASB. We believe that the EU's carve-out of IASB 39 (and the threat of future EU or other carve-outs) has hindered the efforts of the IASB and FASB to converge the accounting or financial instruments, if not the overall convergence effort. – *Marriott*

At this time though, we do not believe that the current IFRS, its governing body, the IASB, has yet demonstrated its ability to provide the platform required for establishing and maintaining a single set of high-quality global accounting standards. – *URS*

We recognize that more than 100 countries require, permit or are pursuing the use of IFRS. However, many have adopted a piecemeal or tailored approach to adoption, defeating the goal of a single global standard. We understand that at least 29 countries/jurisdictions have “carved out” IFRS in this manner, and have not fully adopted IFRS as promulgated by the IASB. In a similar vein, as many countries have adopted their own version of IFRS, it is uncertain whether mandatory adoption of IFRS as promulgated by the IASB within the U.S. will achieve complete comparability with these countries on any global scale... We are also concerned that the existing IASB structure does not provide the regulatory and statutory safeguards, due process and oversight as that provided in the U.S. ... As such, the IASB has greater authority than the U.S. FASB, and its pronouncements are regarded the equivalent of law. Further, the current funding mechanism of the IASB could easily lend itself to a perception of less than impartiality, as one third of its operating budget to date has been funded by accounting firms.

– *Honeywell*

The Roadmap would permanently impair the SEC in its responsibility to protect U.S. investors and serve the public interest... The coincidence in goals between the SEC and the IASB is superficial, because these entities do not aim to act “in the public interest” in the same way; in contrast, the fundamental goals of the SEC and the U.S. accounting profession do coincide... Consequently, the SEC would apparently even lack the authority to recognize the IASB as a standard-setter. – *Michael Pakaluk, PhD*

We agree that the SEC should play a global leadership role by formally committing the U.S. to the eventual adoption of IFRS. However, before the SEC makes that commitment, matters of IASB representation and governance must be addressed. The IASB governance framework should be reevaluated to ensure that it not only remains independent, but also provides for appropriate U.S. representation in the standards-setting process. As one of the world's largest economies and capital markets, the U.S. should have representation on the Board that is commensurate with its size and stake in the global market. – *General Electric*

The Committee also believes that it would serve the public interest for such standards to be set by a single organization that is demonstrably independent of inappropriate political influence and special interests yet responsive to the needs of a global constituency. The Committee further observes that such standards and such a standard-setter do not exist today. – *Institute of Management Accountants, Regulatory Affairs Committee*

High-Quality Standards

We view IFRS to already be of sufficient high quality for adoption by companies in the United States. Accounting standards in the U.S. are now rules-driven and are disconnected from their core underlying principles. US GAAP is not better than IFRS because US GAAP has become irrelevant to many users who appear to largely base their decisions on Non-GAAP measures that are reported on a supplemental basis. – *Bank of New York Mellon*

The Commission's decision to mandate the use of IFRS instead of GAAP for public utilities would likely result in increased costs with poorer information. Public utilities' financial reports filed with the Commission would become less usable and reliable for both regulators and investors. – *Nat'l Assn of Regulatory Utility Commissioners*

We believe that generally accepted accounting principles as promulgated by the FASB and as augmented by Regulation S-X where necessary presently are superior to IFRS. – *The Davey Tree Expert Company*

In summary, the results suggest that IFRS reflects standards that are generally (1) higher quality than *non-U.S.* accounting standards and (2) similar or lower quality relative to U.S. GAAP. The results also suggest that the stock market effects of mandatory adoption of even a higher quality set of standards might be minimal... Further, enforcement level varies across countries and this may affect the impact of IFRS on accounting quality. Given the high quality nature of U.S. GAAP, the question of whether the documented capital market benefits of adopting IFRS will extend to the U.S. is left as an open question. In particular, it is not clear that IFRS reflects a set of

accounting standards that are of equivalent or greater quality relative to U.S. GAAP in the U.S. markets. – AAA, *Financial Reporting Policy Committee*

It is difficult to prepare for the possible eventual adoption of IFRS when a substantial portion of the entire body of IFRS accounting guidance is undergoing revision and, in some cases, actual development. According to the latest IASB Work Plan, at least ten major areas of guidance that are expected to impact The Hartford are under development and expected to be finalized over the next three years, including revenue recognition, financial statement presentation and fair value measurement. – *The Hartford Financial Services*

We are concerned about the suitability of IFRS for broad use in the U.S. financial markets. IFRS has only been in existence for seven years and has not been thoroughly tested in the U.S. regulatory and legal environments. In contrast, U.S. GAAP has developed over many years in response to the needs of U.S. shareholders, regulators, users, issuers and auditors. We do not believe these needs will materially change in the near term. – *ExxonMobil*

Companies are subject to many reporting regulations by numerous U.S. Government agencies such as the Internal Revenue Service and the Department of Labor, among others. Many of these agencies require reporting based upon U.S. GAAP. Most of our members are government contractors, who are subject to Cost Accounting Standards and Federal Acquisition Regulations as well as U.S. GAAP, and these rules are significantly intertwined. Therefore, we encourage the Commission to gain a full understanding of the impact of IFRS conversion on all such regulatory requirements and build this into the Roadmap as well. – *Aerospace Industries Association*

For other countries, adopting IFRS was an improvement in financial reporting. That is not the case for the US where we have the best accounting and reporting standards in the world. It would be a mistake for US companies to weaken our reporting in an attempt to conform to the rest of the world. – *Regions Financial*

Under current international accounting standards, cost-based rate regulated entities would not be able to reflect the economic effects of regulation on their publicly issued financial statements as currently permitted under U.S. GAAP pursuant to SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*, and its predecessor, the Addendum to APB Opinion No. 2. – *Federal Regulatory Energy Commission*

Similarly, we believe adoption of IFRS as presently constituted is unlikely to further the Commission's goal of increasing comparability. Several countries have already tailored IFRS to address local needs and, as result, the desired comparability is already diluted. We believe that without waiting for a greater degree of convergence to occur, a similar result is very possible in the U.S. and that ultimately IFRS could become just as lengthy and interpreted, through country by country exceptions, as is U.S. GAAP today. – *Northrop Grumman*

IFRS is not a “high quality” standard, according to criteria previously set down and endorsed by the SEC... The SEC itself gives a variety of compelling reasons why one should expect that the greater comparability promised by the Roadmap would not be attained. – *Michael Pakaluk, PhD*

In documents issued by the FASB, IASB and the SEC, the label of “high quality” is used repeatedly but hardly defined. .. There is no evidence that a single standard is better than multiple competing standards... The Commission should not allow itself to be carried away by the rhetoric of rules vs. principles often used in the context over the past decade. IFRS' rule book is thinner than FASB's because they have not been in business for very long. The nature of their output is a function of their structure, not intent. Two bodies with similar structures and financing will write standards with similar characteristics and detail. Having created a global monopoly financed by guaranteed tax revenues, the Commission will discover within a decade that the standards devised by the IASB will come to have the same level of detail and specificity in them as the FASB's standards do. – *Shyam Sunder, PhD, Professor of Accounting, Economic and Finance; Yale School of Management*

One of the more compelling arguments against the adoption of IFRS as currently structured that further debunks its “principles” hype, is simply that it is a brand new system that has not been “in the field” sufficiently long. As

Niemeier has repeatedly emphasized, the view that IFRS is an accounting panacea which will fix all the problems in the current U.S. financial reporting system caused by the shortcomings of GAAP is but a “myth.” - *Terry Saigh, CPA, PhD*

We opposed the elimination of that [foreign private issuer] reconciliation in our August, 2007 letter, and we believe the Commission has made a grave error in that decision. – *Investors Technical Advisory Committee, FASB*

Timing Questioned

In the Roadmap, the Commission considers its ability to revert to U.S. GAAP at some point subsequent to the early adoption date. We are concerned that the threat of reversion to U.S. GAAP after adoption will discourage early adoption of IFRS in the U.S. Very few companies will undertake the cost of converting to IFRS, under threat of being told that they have to revert to U.S. GAAP. – *UBS*

To ensure convergence for the insurance industry... this milestone must include a requirement to complete the joint IASB/FASB project on accounting for insurance contracts by 2011, with at least two years for an implementation period thereafter. Without a high quality standard in this area, as well as other important areas such as revenue recognition and financial statement presentation, IFRS are decidedly incomplete and inadequate. – *CIGNA*

We strongly believe the Commission should first conclude whether IFRS is the best set of accounting standards for U.S. registrants and then mandate a date for IFRS adoption that would allow companies three full calendar years before the date of the opening balance sheet under IFRS... If the Commission's final decision to mandate IFRS for U.S. issuers cannot be made currently, then the suggestion of a mandatory adoption date is inappropriate. - *Chevron*

Case for Convergence

We recognize that consistent worldwide enforcement of a single set of high quality accounting standards may be difficult, if not impossible, to achieve. The ultimate conclusion may be that local considerations will prevent effective worldwide enforcement of IFRS. Accordingly, we believe that convergence, rather than IFRS adoption for U.S. companies, would be the better avenue to improve consistency and comparability between U.S. companies and non-U.S. companies. – *Liberty Global*

We do not support the view that this milestone will be effectively achieved solely through continued IASB/FASB convergence so that we can simply continue to use US GAAP in filings with the Commission while the rest of the world utilizes IFRS (in other words, the status quo, with convergence). Simply relying on continued convergence of standards falls well short of achieving the benefits which one global set of standards would bring. – *ALCOA*

At this point, we believe that the U.S. can best ensure continued progress is made if the U.S. commits to IFRS and uses its position as a member of IASB to influence the IASB's future development. – *PepsiCo*

In consideration of ongoing convergence activities, current economic conditions, and the unclear benefits of IFRS, we believe the Commission should look to IASB/FASB convergence as the best near-term approach to improve transparency and comparability. – *Northrop Grumman*

The SEC should not hinge their decision to move forward on a mandatory date based on the convergence progress. Otherwise if we wait until such point, we may never end up converting to IFRS. Despite the diligent efforts of both boards, progress on convergence has been very slow to-date. – *Eli Lilly*

Private Sector Impact

Since many of our competitors in the insurance and managed care marketplace are private U.S. companies, we are concerned about the inconsistency that will result from requiring public U.S. companies to adopt IFRS while our private competitors continue to use U.S. GAAP. – *CIGNA*

The Commission should consider that smaller companies are essential for the U.S. economy to rebound from the current recession, and it ... should strive not to impede the growth of smaller companies. If these proposed rules make it less attractive for smaller companies to raise capital, the Commission should strongly consider delaying any early implementation of IFRS for the benefit of the U.S. economy. – *PPL*

To do otherwise may mean that for publicly-traded companies GAAP is being replaced by IFRS without any evidence that IFRS is an accounting regime of at least equal quality. It also would mean the de facto bifurcation of accounting standards for publicly-traded and privately-held companies. The Department strongly opposes such bifurcation. – *New York State Banking Department*

As a larger policy issue possibly beyond the Commission but one that should be discussed is whether IFRS will eventually become the accounting standard of the land. What will happen to non-issuers? Will there be comparability for capital allocation between public and non public companies who report on different accounting standards? I think it would be useful to have that discussion before the Commission moves too far along on this project. This has enormous implications for small practice CPAs and small business owners. I would recommend Congressional hearings on these issues before the Commission moves forward because of the enormous implications of having two sets of accounting standards. – *Julia Higgs, PhD*

Another issue that needs to be addressed in this comprehensive plan is the impact of public companies following IFRS while private companies may continue to follow US GAAP. There are numerous issues that need to be resolved with this topic. Some of the questions to be discussed include how will public accounting firms assign employees to public and private company audits, how colleges and universities will instruct students in both IFRS and US GAAP, and will there be a separate CPA license for IFRS and US GAAP. For financial institutions, this division in accounting between public and private companies will cause entities such as Key to have different credit reviews and debt covenants for public and private entities. In addition, there will be no comparability between public and private companies in the same industry due to the use of two different accounting standards. – *KeyCorp*

Education

U.S. colleges and universities are not equipped to teach IFRS at the level necessary for near term adoption of the standards. Changes in the manner in which faculty teach accounting must occur before graduates will be equipped to prepare and interpret financial statements using IFRS. – *AAA, Financial Reporting Policy Committee*

Controlled convergence ... would also allow adequate time for the accounting profession through State Boards of Accountancy and professional organizations to embed converged rules into exam requirements for certification and continuing education. – *J.C. Penney*

After my year or so of study – primarily related to the areas I'm teaching in the second intermediate accounting course – I can speak from experience when I say that the educational aspects of the transition will be crucial. There will be a high re-training cost for existing professionals. And as educators, we will need a very clear plan – particularly with respect as to when the CPA exam will start requiring IFRS and whether we will continue to have separate/different standards for nonpublic companies in the US. If we adopt IFRS for public and something else for nonpublic companies, we aren't much better off than we are right now – trying to teach students two different sets of standards (3 if you count GASB). However, adopting some sort of "IFRS light" for nonpublic companies would still leave us with the problem of what to do about not-for-profit entities which are not discussed at all in the IASB standards. – *Teresa P. Gordon, PhD, CPA, University of Idaho*

Accountants can take a leaf from lawyers' book; the latter do not try to teach the specifics of the laws of the fifty states. Instead, they try to teach law at a sufficiently high level of generality so, upon graduation, the lawyers can read and apply the law of whichever state they choose to practice in. Such specifics are left to be learnt during the bar exam preparation, and not covered in university curricula. Accounting education could also benefit from this approach, instead of promoting instructions in the specific details of one or another system of standards.

– *Shyam Sunder, PhD, Professor of Accounting, Economic and Finance; Yale School of Management*

Income Taxes

The Internal Revenue Service has gone so far as to begin making adjustments related to the use of IFRS-based financial information in tax filings. – *UBS*

Also discussed below is our strong opinion that the unresolved LIFO issue represents a major impediment to some U.S. companies converting to IFRS. We do not support conversion to IFRS if it results in an income-tax penalty to our company. – *Chevron*