

**VIA EMAIL**

September 29, 2010

Technical Director  
File Reference No. 1810-100  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116

Re: Proposed Accounting Standards Update, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities"

Dear Technical Director:

Allergan, Inc., a Delaware corporation ("Allergan"), appreciates the opportunity to respond to the Financial Accounting Standards Board (the "Board") regarding the Proposed Accounting Standards Update, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities" (the "Proposed Update"). Allergan is a publicly traded, multi-specialty health care company listed on the New York Stock Exchange under the symbol "AGN."

We support the Board's efforts to reduce accounting complexity and increase the transparency of financial statements by issuing high-quality, principles-based accounting standards. However, we do not support the Proposed Update as currently drafted. Although we concur that fair value of financial instruments provides important information to financial statement users, we do not believe that fair value is always the most appropriate measurement principle for financial instruments.

***Financial Assets***

Excluding derivatives, non-financial institutions mainly buy financial instruments with the intent to hold them for collection of contractual cash flows, not for trading purposes. Requiring companies to record fair value adjustments for all financial instruments, regardless of business strategy, would require companies to record interim gains and losses that they never expect to realize. For this reason, we support a model that enables business strategy to be considered when determining the most appropriate measurement criteria. We believe that for non-financial institutions, amortized cost remains the measurement criteria that best reflects the true intended economics of the majority of financial asset transactions.

***Financial Liabilities***

Excluding derivatives, the overwhelming majority of financial liabilities are issued as financing transactions that require payments of contractual cash flows. Rarely are such instruments transferred in a way that makes the fair value of the liability relevant. In most cases the instruments are ultimately settled with counterparties under the stated contractual terms. Requiring recognition of fair value gains and losses that in most cases will never be realized

reduces the financial statement transparency of the underlying intended economics and may mislead users of financial statements. For this reason, we believe that amortized cost should be the default measurement for financial liabilities, with fair value required only for derivative instruments and liabilities held for trading.

***Equity Method Accounting***

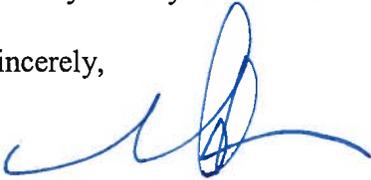
We disagree with the proposal to limit the use of equity method accounting to investments that are related to the entity's business. The current equity method accounting guidance has been in place for decades and we are not aware of any significant issues or abuses related to this guidance. We believe that that concept of "control" should continue to be the driver for equity method accounting, just as it is for consolidation accounting. Furthermore, the proposed new guidance assumes an ability to ascertain the fair value of all equity investees, including privately-held companies, that simply does not exist. Typically, privately-held companies produce their financial information with a significant time lag, leaving the equity investor (assuming they even have access to this financial information) to employ "Level 3" valuations on stale data to comply with the new rules. We do not see this situation as an improvement from current practice.

***Derivatives and Hedging***

We appreciate the board's effort to simplify the requirements around hedge accounting. Specifically, we believe that lowering the threshold to "reasonable effectiveness" and shifting the focus from quantitative analysis to qualitative analysis are sensible changes that should ease the overall administrative burden of administering hedge accounting and are consistent with a principles-based approach. However, we do not believe that the administrative burden has been lowered enough to justify eliminating the short-cut and matched-terms methods. For many companies that employ common hedging strategies, the administrative burden of hedge accounting would actually increase under the Proposed Update, since more complex measures of effectiveness than those currently in place would be required to retain hedge accounting status. We believe the Board should retain the short-cut and matched-terms methods, or replace them with a simplified effectiveness test for plain-vanilla derivatives.

Thank you for your consideration.

Sincerely,



Marc Veale  
Assistant Corporate Controller  
Allergan, Inc.



James F. Barlow  
Senior Vice President,  
Corporate Controller (Principal Accounting Officer)  
Allergan, Inc.