



News Release

Financial Accounting Standards Board

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For Immediate Release

FASB Issues Exposure Drafts to Improve Accounting Guidance and Support Convergence of Global Accounting Standards

Norwalk, CT, December 15, 2003—Today the Financial Accounting Standards Board (FASB) will issue four Exposure Drafts that would improve U.S. generally accepted accounting principles and converge U.S. accounting guidance to existing international accounting standards. The documents will be available later today on the FASB's website at www.fasb.org.

The Exposure Drafts reflect the progress that the FASB and International Accounting Standards Board (IASB) have made on a first phase of a joint short-term convergence project that was initiated in 2002. The short-term convergence project involves both the FASB and IASB comparing existing standards and conforming the two sets of standards to the higher-quality solution.

The short-term convergence project is part of a comprehensive project to converge their respective accounting standards into a common set of high-quality accounting standards. In addition to this short-term project, the Boards are jointly working on several projects on major accounting topics and are developing a coordinated agenda for continuing the convergence effort.

The Exposure Drafts propose the following accounting requirements:

- Voluntary changes in accounting policies would be required to be applied by retrospective application rather than by cumulative effect adjustment as currently required.
- Three changes to the calculation of earnings per share;
- Asset exchanges that would require a gain or loss to be recognized on the exchange of similar productive assets based on the fair value of the exchange unless the exchange lacks commercial substance; and
- Unusual ("abnormal") amounts of idle capacity and spoilage costs would be excluded from the cost of inventory and expensed as incurred.

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An additional proposed standard on the classification of liabilities is expected in the near future.

In commenting on the Exposure Drafts, FASB Chairman Robert H. Herz, stated "The proposed changes demonstrate the progress made since an agreement was reached in October 2002, when the FASB and the IASB committed to adopting compatible and high-quality solutions to existing and future accounting standards. These proposed statements are an important step toward increasing comparability of U.S and international accounting standards."

The comment period for the Exposure Drafts ends on April 13, 2004.

About the Financial Accounting Standards Board

Since 1973, the Financial Accounting Standards Board has been the designated organization in the private sector for establishing standards of financial accounting and reporting. Those standards govern the preparation of financial reports and are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors and others rely on credible, transparent and comparable financial information. For more information about the FASB, visit our website at www.fasb.org.

The Financial Accounting Standards Board

Serving the investing public through transparent information resulting from high-quality financial reporting standards, developed in an independent, private-sector, open due process.

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