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Representatives of the Accounting Standards Board of Japan and the U.S. Financial Accounting Standards Board Meet in Pursuit of Global Convergence

Representatives of the Accounting Standards Board of Japan (ASBJ) and the U.S. Financial Accounting Standards Board (FASB) met in Tokyo on May 18th and 19th in the first of what is expected to be periodic meetings to enhance dialogue between the two Boards in their pursuit of international convergence.

Companies in more than 90 jurisdictions around the world are now using International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB). Accounting standards in both Japan and the U.S., while similar to IFRS in many respects, also contain differences from IFRS. Accordingly, both the ASBJ and the FASB are working with the IASB toward the goal of developing a common, high-quality set of global accounting standards that will enhance the consistency, comparability and efficiency of financial statement information, enabling international markets to move with less friction and reduced cost of capital.

At the initial meeting, representatives of the ASBJ described the structure of the financial reporting system in Japan, providing analyses of differences between Japanese GAAP and U.S. GAAP, the current status of their joint project with the IASB, and the conceptual framework underlying Japanese accounting standards.

FASB representatives described the current status of its joint projects with the IASB, including the conceptual framework, fair value measurements, accounting for investment properties and others.

Both Boards exchanged views on the current FASB/IASB business combinations project and the financial statement presentation project (formerly performance reporting), which are currently under deliberations by the FASB and the IASB. It was agreed that both Boards will continue to exchange views on longer-term issues and current concerns.

Shizuki Saito, Chairman of the ASBJ, said: “I am confident that periodic meetings-to-be between representatives of the ASBJ and the FASB, two national standard setters for world’s largest capital markets, will be of great significance in the history of international convergence of accounting standards. In collaboration with the IASB, the ASBJ and the FASB will work together with all their might to support the sound and proper order of capital markets in the world.”

“We are delighted to join together with the ASBJ in pursuit of global convergence,” said Robert Herz, Chairman of the FASB. “Our meetings reflect both the FASB’s and the ASBJ’s strong commitment to work together and with the IASB to bring about a common set of accounting standards that will enhance the quality of global financial reporting and enable the world’s capital markets to operate more effectively.”

The next meeting between representatives the ASBJ and the FASB will be held in the U.S. in November 2006.

About the Accounting Standards Board of Japan

The Accounting Standards Board of Japan (ASBJ) was established in July 2001 as a private-sector organization. Accounting standards developed by the ASBJ are to be authorized by the Financial Services Agency as part of generally accepted accounting principles applicable to public companies. The ASBJ develops accounting standards and implementation guidance that appropriately reflect the environment in which business enterprises operate. The ASBJ also communicates with corresponding organizations abroad and contributes to the development of global accounting standards. For more information about the ASBJ, visit our website at www.asb.or.jp/index_e.html.

About the U.S. Financial Accounting Standards Board

Since 1973, the U.S. Financial Accounting Standards Board has been the designated organization in the private sector for establishing standards of financial accounting and reporting in the United States. 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.