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NEWS RELEASE 04/28/05

FASB Issues Proposal on the GAAP Hierarchy

Norwalk, CT, April 28, 2005—In connection with its effort to improve the quality of financial accounting standards and the standard-setting process, the Financial Accounting Standards Board (FASB) has published an Exposure Draft, *The Hierarchy of Generally Accepted Accounting Principles*.

The GAAP hierarchy, which currently resides in American Institute of Certified Public Accountants Statement on Auditing Standards No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles* (SAS 69), ranks the relative authority of accounting principles issued from multiple standard-setters. Recently, the Securities and Exchange Commission reaffirmed the FASB as the designated private-sector standard setter for public companies and the FASB has implemented procedures to narrow the types of accounting principles that it issues. Further, the FASB's codification and retrieval project will integrate existing US GAAP into a single authoritative retrievable source, thereby creating a single authoritative codification of GAAP. This proposed Statement, in connection with those developments and efforts, represents a necessary step towards achieving the ultimate vision for simplification of standard setting: one process and one form of guidance.

The Exposure Draft carries forward the GAAP hierarchy as set forth in SAS 69, subject to certain modifications that are not expected to result in a change in current practice.

In commenting on the Exposure Draft, FASB Chairman Robert Herz, stated, "The proposed statement is an important first step towards improving the GAAP hierarchy. Several other FASB projects, such as the codification and retrieval project, aim to simplify standards and the standard-setting process. This proposed statement facilitates those future improvements."

The comment period for the [Exposure Draft](#) ends June 27, 2005. The document is available on the FASB's website at www.fasb.org.

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.

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