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NEWS RELEASE 12/04/07

FASB issues FASB Statements No. 141 (R), *Business Combinations* and No. 160, *Noncontrolling Interests in Consolidated Financial Statements*

Norwalk, CT, December 4, 2007—The Financial Accounting Standards Board (FASB) today issued FASB Statements No. 141 (revised 2007), *Business Combinations*, and No. 160, *Noncontrolling Interests in Consolidated Financial Statements*. Effective for fiscal years beginning after December 15, 2008, the standards will improve, simplify, and converge internationally the accounting for business combinations and the reporting of noncontrolling interests in consolidated financial statements.

“The new standards represent the completion of the FASB’s first major joint project with the International Accounting Standards Board (IASB), as well as a significant convergence milestone,” states FASB member G. Michael Crooch. “These standards and the counterpart standards issued by the IASB will improve reporting while eliminating a source of some of the most significant and pervasive differences between International Financial Reporting Standards (IFRS) and U.S. Generally Accepted Accounting Principles (GAAP).” The IASB plans to issue its counterpart standards IFRS 3 (revised), *Business Combinations*, and IAS 27 (as revised in 2007), *Consolidated and Separate Financial Statements*, early next year.

Statement 141(R) improves reporting by creating greater consistency in the accounting and financial reporting of business combinations, resulting in more complete, comparable, and relevant information for investors and other users of financial statements. To achieve this goal, the new standard requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination.

Statement 141(R) also will reduce the complexity of existing GAAP. The newly issued standard includes both core principles and pertinent application guidance, eliminating the need for numerous EITF issues and other interpretative guidance.

Statement 160 improves the relevance, comparability, and transparency of financial information provided to investors by requiring all entities to report noncontrolling (minority) interests in subsidiaries in the same way—as equity in the consolidated financial statements. Moreover, Statement 160 eliminates the diversity that currently exists in accounting for transactions between an entity and noncontrolling interests by requiring they be treated as equity transactions.

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The FASB and the IASB first initiated the joint project that resulted in the new standards because U.S. GAAP and IFRS differed widely in their approach to accounting for business combinations. The new standards issued by the Boards will contain the same fundamental principles and the related application guidance is similar in most respects; remaining differences will be candidates for reconsideration by the Boards in current or future convergence projects.

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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