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NEWS RELEASE 06/06/08

FASB Issues Exposure Draft on *Accounting for Hedging Activities*

Norwalk, CT, June 6, 2008—The Financial Accounting Standards Board (FASB) today issued an Exposure Draft (ED) of a proposed Statement of Financial Accounting Standards, *Accounting for Hedging Activities*—an amendment of FASB Statement No. 133. The proposed Statement would require application of the amended hedging requirements for financial statements issued for fiscal years beginning after June 15, 2009, and interim periods within those fiscal years.

The purpose of the ED is to obtain feedback from constituents on a proposed Statement intended to simplify hedge accounting resulting in increased comparability of financial results for entities that apply hedge accounting. Specifically, the proposed statement would eliminate the multiple methods of hedge accounting currently being used for the same transaction. It also would require an entity to designate all risks as the hedged risk (with certain exceptions) in the hedged item or transaction, thus better reflecting the economics of such items and transactions in the financial statements.

Respondents to the ED are asked to provide input on whether the statement meets its objectives to simplify accounting for hedging activities; improve the financial reporting of hedging activities to make the accounting model and associated disclosures more useful and easier to understand for users of financial statements; resolve major practice issues related to hedge accounting that have arisen under Statement 133, *Accounting for Derivative Instruments and Hedging Activities*; and address differences resulting from recognition and measurement anomalies between the accounting for derivative instruments and the accounting for hedged items or transactions.

"The proposed statement was developed in response to requests to address the complexities of hedge accounting and to improve the usefulness of the hedge accounting results reported in financial statements," stated Kevin Stoklosa, FASB assistant director of technical activities. "FASB constituents are encouraged to review the ED and provide their input on whether the proposed statement does, in fact, address these requests and meet its objective to improve financial reporting pertaining to these transactions."

The proposed ED invites individuals and organizations to submit comments on the proposed guidance. Responses must be received in writing by August 15, 2008. Interested parties should submit their comments by email to director@fasb.org, File Reference No. 1590-100. Those without email may send their comments to the "Technical Director—File Reference No. 1590-100" at the address at the Financial Accounting Standards Board, 401 Merritt 7, PO Box 5116, Norwalk, CT, 06856-5116. Responses should **not** be sent by fax. All comments received by the FASB are considered public information. Those comments will be posted to the FASB website and included as part of the project record with other project materials.

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