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NEWS RELEASE 10/19/07

FASB Accounting Standards Codification™ **Approaches Constituent Verification Phase**

Norwalk, CT, October 19, 2007—The Financial Accounting Standards Board (FASB) today announced its plan for the late-2007 or early-2008 release of the *FASB Accounting Standards Codification™* (Codification) for verification by constituents. During the one-year verification period, the FASB will make the Codification available through a new web-based research system to solicit feedback from constituents to confirm that the Codification accurately reflects existing U.S. generally accepted accounting principles (GAAP) for nongovernmental entities.

Before initiating the Codification, the FASB conducted a survey of constituents that demonstrated that the vast majority (over 80%) of respondents agreed that the FASB should pursue a Codification to make the existing U.S. GAAP structure less confusing, more understandable, and more user-friendly in terms of information retrieval.

The goal of the Codification is to simplify the organization of thousands of authoritative U.S. accounting pronouncements issued by multiple standard-setters. To achieve this goal, the FASB initiated a project to integrate and topically organize all relevant accounting pronouncements issued by the U.S. standard-setters including those of the FASB, the American Institute of Certified Public Accountants (AICPA), and the Emerging Issues Task Force (EITF).

Once approved by the Board, the Codification will become the single source of authoritative U.S. GAAP, and will supersede existing FASB, AICPA, EITF, and related literature. At that time, only one level of authoritative GAAP will exist. All other literature will be nonauthoritative.

The Codification reorganizes the thousands of U.S. GAAP pronouncements into roughly 90 accounting topics, and displays all topics using a consistent structure. Also to be included is relevant Securities and Exchange Commission (SEC) guidance that will follow the same topical structure in separate sections in the Codification.

The Codification does not change GAAP; instead, it introduces a new structure—one that is organized in an easily accessible, user-friendly online research system. The FASB expects that the new structure and new system will:

- Reduce the amount of time and effort required to solve an accounting research issue.
- Mitigate the risk of noncompliance with standards through improved usability of the literature.

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- Provide accurate information with real-time updates as new standards are released.
- Assist the FASB with the research and convergence efforts required during the standard-setting process.
- Become the authoritative source of literature for the completed XBRL taxonomy.
- Make clear that guidance not contained in the Codification is not considered to be authoritative.

In an effort to encourage constituents to submit feedback about the Codification, in late-2007 or early-2008 the FASB will provide free online access to the *FASB Accounting Standards Codification*TM research system for the one-year verification period. The system will include features specifically designed for the Codification. During the verification period, constituents will be able to review the content and provide comments using a customized electronic feedback feature. After addressing issues raised during the constituent feedback process, the FASB expects to approve the Codification as the single authoritative source of U.S. GAAP in early 2009.

The Accounting Standards Codification excludes governmental accounting standards. It includes all standards issued by a standard-setter within levels A through D of the current GAAP hierarchy, as follows:

- **Financial Accounting Standards Board (FASB)**
 - Statements (FAS)
 - Interpretations (FIN)
 - Technical Bulletins (FTB)
 - Staff Positions (FSP)
 - Staff Implementation Guides (Q&A)
- **Emerging Issues Task Force (EITF)**
 - Abstracts
 - Topic D
- **Derivative Implementation Group (DIG) Issues**
- **Accounting Principles Board (APB) Opinions**
- **Accounting Research Bulletins (ARB)**
- **Accounting Interpretations (AIN)**
- **American Institute of Certified Public Accountants (AICPA)**
 - Statements of Position (SOP)
 - Audit and Accounting Guides (AAG)—only incremental accounting guidance
 - Practice Bulletins (PB)
 - Technical Inquiry Service (TIS)—only for Software Revenue Recognition

About the U.S. 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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