

Financial Accounting Standards Board
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For Immediate Release

**FASB Responds to SEC Study on
Off-Balance Sheet Arrangements, Reaffirming Commitment to Address
and Improve Outdated, Complex Standards**

**Priority Remains on Improving Transparency, Usefulness of Financial
Reporting for Investors and Capital Markets**

Norwalk, CT, February 16, 2006—The FASB today reaffirmed its commitment to improving transparency and usefulness of financial reporting to better serve investors and the capital markets. The Board continues to see reducing complexity and improving transparency and overall usefulness of financial statements as key challenges facing the financial reporting system.

In its response to the SEC’s “Off Balance Sheet Report” (the SEC Report) the FASB discusses a number of fundamental structural, institutional, cultural, and behavioral forces that it believes cause complexity and impede transparent financial reporting.

The FASB’s response to the SEC Report provides an update on FASB’s activities and projects intended to address and improve outdated, overly complex accounting standards. These areas include, accounting for leases; accounting for pensions and other post employment benefits; consolidation policies; accounting for financial instruments; accounting for intangible assets; and conceptual and disclosure frameworks.

The FASB has also undertaken several initiatives aimed at improving the understandability, consistency, and overall usability of existing accounting literature, through codification, by attempting to stem the proliferation of new pronouncements emanating from multiple sources and by developing new standards in a “principles-based” or “objectives-oriented” approach.

“The FASB remains fiercely committed to protecting the interests of investors and the capital markets by developing accounting standards that, if faithfully followed, provide relevant, reliable and useful financial information,” said FASB Chairman Robert Herz. “Along these lines, we

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remain concerned about the root causes and the effects that complexity continues to have on our financial reporting system and believe that concerted and coordinated action by the SEC, the FASB, and the PCAOB, together with other parties in the financial reporting system, is critical.”

For more information on the FASB’s response to the SEC’s Report and Recommendations Pursuant to Section 401(c) of the Sarbanes-Oxley Act of 2002 on Arrangements with Off-Balance Sheet Implications, Special Purpose Entities, and Transparency of Filings by Issuers, go to 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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