

Accounting Standards Board of Japan Meets with Financial Accounting Standards Board to Discuss Global Convergence

Tokyo, Japan, May 27, 2008.... Representatives of the Accounting Standards Board of Japan (ASBJ) and the Financial Accounting Standards Board (FASB) gathered this week in Tokyo for a joint meeting to discuss global convergence. Led by Ikuo Nishikawa, Chairman of the ASBJ, and Robert H. Herz, Chairman of the FASB, the meeting was the fifth in a series of discussions between ASBJ and FASB designed to enhance dialogue between the two Boards in their shared pursuit of global convergence of accounting standards. Mr. Tatsumi Yamada, Board Member of the International Accounting Standards Board (IASB), also attended as an observer at the meeting.

Convergence – the development of a common set of high-quality accounting standards for both domestic and international use – has been a major initiative of the ASBJ and FASB. Working in partnership with the IASB, the organizations believe that common financial reporting across the major business and capital markets of the world is a critical component in providing credible, comparable, conceptually sound, and usable financial information.

As part of the meeting, representatives of the ASBJ described their project plan issued in December 2007, in accordance with the content of the “Tokyo Agreement” which was announced by the ASBJ and IASB in August 2007. Representatives of the FASB described its strategy towards global convergence and the recent discussion about updating the 2006 Memorandum of Understanding between the FASB and IASB. They also discussed the recent international credit crisis.

In addition, representatives of both Boards exchanged their views on the current status of their work on the following projects:

- Consolidation, including Special Purpose Entities (SPEs)
- Revenue recognition
- Financial statement presentation
- Liabilities and equity

Representatives of both Boards agreed that their ongoing discussions are useful in promoting mutual understanding that will contribute to subsequent deliberations at their respective Boards and to their respective convergence projects with the IASB. They agreed that both Boards would continue to exchange views on longer-term issues and current concerns.

Ikuo Nishikawa, Chairman of the ASBJ, stated, “I believe that our closer communication with the FASB Board members and staff, including regular meetings, contribute to accelerating global convergence. After the FASB and IASB update their Memorandum of Understanding, the ASBJ will continue to work to achieve global convergence by collaborating with the FASB and the IASB, including our high-quality inputs to them.”

Robert H. Herz, Chairman of the FASB, affirmed that notion, saying, “We are very appreciative of our continuing semi-annual meetings with the representatives of the ASBJ and highly value the insights such meetings provide in our mutual efforts towards global convergence of accounting

standards.”

The next joint meeting is planned for October 2008 in Norwalk, CT.

About the Accounting Standards Board of Japan

The Accounting Standards Board of Japan (ASBJ) was established in July 2001 as a private-sector organization. Accounting standards developed by the ASBJ are to be authorized by the Financial Services Agency as part of generally accepted accounting principles. The ASBJ develops accounting standards and implementation guidance that appropriately reflect the environment in which business enterprises operate. The ASBJ also communicates with corresponding organizations abroad and contributes to the development of global accounting standards.

For more information about the ASBJ, visit its website at http://www.asb.or.jp/index_e.php.

About the U.S. Financial Accounting Standards Board

Since 1973, the U.S. Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting and reporting in the United States. 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 its website at <http://www.fasb.org/>.

About the Tokyo Agreement

The ‘Tokyo Agreement’, a joint declaration announced by the ASBJ and the IASB on 8 August 2007, sets out an initiative to accelerate a convergence programme between IFRSs and Japanese GAAP first announced in March 2005. The aim of the initiative is to eliminate major differences between Japanese GAAP and current IFRSs (as defined by the July 2005 CESR assessment of equivalence) by 2008, with the remaining differences that the boards identified being removed on or before June 2011. Whilst the target date of 2011 does not apply to any major new IFRSs now being developed that will become effective after 2011, both boards will work closely to ensure the acceptance of the international approach in Japan when new standards become effective.

About the Memorandum of Understanding between the FASB and the IASB

In February 2006, the FASB and the IASB published a Memorandum of Understanding (MOU) that reaffirms the Boards’ shared objective of developing high quality, common accounting standards for use in the world’s capital markets. The MOU is a further elaboration of the objectives and principles first described in the boards’ Norwalk Agreement published in October 2002. While the document did not represent a change in the boards’ convergence work programme, it does, however, reflect the context of the SEC’s ‘roadmap’ for the removal of the reconciliation requirement for non-US companies that use IFRSs and are registered in the United States (That requirement was eliminated in November 2007 for foreign filers that use IFRSs as issued by the IASB). It also reflects the work undertaken by the Committee of European Securities Regulators (CESR) to identify areas for improvement of accounting standards.

The Boards agreed that trying to eliminate differences between standards that are both in need of significant improvement is not the best use of resources—instead, new common standards should be developed. Consistently with that principle, convergence work will continue to proceed on the following two tracks:

- First, the Boards will reach a conclusion about whether major differences in focused areas should be eliminated through one or more short-term standard-setting projects, and, if so, the goal is to complete or substantially complete work in those areas by 2008.
- Second, the FASB and the IASB will seek to make continued progress in other areas identified by both boards where accounting practices under US GAAP and IFRSs are regarded as candidates for improvement.

At the Boards' most recent meeting in London in April 2008, it was agreed that the MOU should be updated to reflect forward project milestones through 2011. Accordingly, the Boards expect to formally issue an updated version of the MOU in the near future.