

**Administrative Matters
Proposed Changes to Effective Dates
November 17–18, 2004 EITF Meeting**

Proposed Change to the Effective Date of EITF Issue No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share"

At the September 29–30, 2004 EITF meeting, the Task Force reached a consensus on Issue 04-8 that was then ratified by the Board at the October 13, 2004 Board meeting.

Currently, the effective date of the consensus in Issue 04-8 coincides with the effective date of the proposed Statement that will revise FASB Statement No. 128, *Earnings per Share* (Statement 128 (revised)). At the time of the September EITF meeting, the FASB staff expected that the consensus would be applied to reporting periods ending after the effective date of Statement 128 (revised), which was expected to be December 15, 2004. The FASB staff now expects that Statement 128 (revised) will be issued in the first quarter of 2005, and its effective date will need to be deliberated at a future Board meeting.

The FASB staff believes that the Task Force intends, and constituents expect, the effective date of Issue 04-8 to be for periods ending after December 15, 2004. Additionally, the FASB staff notes that public companies still may be required to disclose the effects of this consensus in financial statements issued before the effective date to comply with the requirements of SEC Staff Accounting Bulletin No. 74, *Disclosures by Registrant When an Accounting Standard Has Been Issued But not yet Adopted*.

The FASB staff will ask the Task Force to reconsider the effective date of Issue 04-8. The staff proposes that the effective date of Issue 04-8 be delinked from Statement 128 (revised) and that the consensus should be applied to reporting periods ending after December 15, 2004.

Proposed Change to the Effective Date of EITF Issue No. 04-10, "Determining Whether to Aggregate Operating Segments That Do Not Meet the Quantitative Thresholds"

At the September 29–30, 2004 EITF meeting, the Task Force reached a consensus on Issue 04-10 that was then ratified by the Board at its October 13, 2004 Board meeting.

The consensus states that operating segments that do not meet the quantitative thresholds can be aggregated only if aggregation is consistent with the objective and basic principles of FASB Statement No. 131, *Disclosures about Segments of an Enterprise and Related Information*, the segments have similar economic characteristics, and the segments share a majority of the aggregation criteria (a)-(e) listed in paragraph 17 of Statement 131. The effective date of the consensus in this Issue is for fiscal years ending after October 13, 2004.

Additionally, at the September EITF meeting, the Task Force agreed to remove EITF Issue No. 04-E, "The Meaning of Similar Economic Characteristics," from the EITF's Agenda. The FASB staff is in the process of drafting a proposed FASB Staff Position (FSP) to provide guidance in determining whether two or more operating segments have similar economic characteristics and will be recommending to the Board that the proposed FSP be posted to the FASB website for public comment. The FASB staff has tentatively scheduled an education session and Board meeting for December 15, 2004 and December 22, 2004, respectively, to discuss this particular Issue with the Board. Based on that schedule and a 45-day comment period for exposure of the proposed FSP, the FASB staff does not anticipate final issuance of the FSP until March 2005 with a likely effective date for fiscal periods ending after March 15, 2005.

Members of the Task Force have raised concerns regarding the effective date of Issue 04-10 and the anticipated effective date of the FSP. Since the issues are so interrelated (that is, in applying paragraph 19 of Statement 131, a segment must have similar economic characteristics to be aggregated), certain members believe that the effective date of Issue 04-10 should coincide with the effective date of the FSP. However, the FASB staff notes that public companies still may be required to disclose the effects of this consensus in financial statements issued before the effective date to comply with SEC Staff Accounting Bulletin No. 74, *Disclosures by Registrant When an Accounting Standard Has Been Issued But not yet Adopted*.

The FASB staff will ask the Task Force to consider whether the effective date for Issue 04-10 should be delayed until the FSP becomes effective.