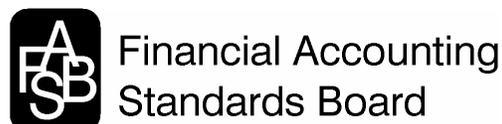


REVISED MINUTES



To: Board Members

From: Short-Term Convergence—Phase 1
Goodman (ext. 295)

Subject: Revised Minutes of the September 21,
2005 Board Meeting (Short-Term
Convergence, Earnings per Share) **Date:** September 29, 2005

cc: Smith, Bielstein, Petrone, Cassel, J. Johnson, Goodman, Gabriele, Leisenring,
Carney, Swift, Polley, Mahoney, FASB Intranet, Sutay, Buchanan (IASB, via
email)

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue a final Statement or Interpretation.

Topic: Earnings per Share

Basis for Discussion: Memorandum dated September 14, 2005

Length of Discussion: 9:15 a.m. to 9:25 a.m.

Attendance:

Board members present: Herz, Batavick, Crooch, Schipper, Seidman, Trott
and Young

Board members absent: None

Staff in charge of topic: J. Johnson

Other staff at Board table: Bielstein, Cassel, and Goodman

Outside participants: None

Summary of Decisions Reached:

The Board decided that the revised Exposure Draft of the FASB proposed Statement, *Earnings per Share*, should be effective for periods ending after June 15, 2006. It also decided that the comment period for the Exposure Draft should be 60 days.

Objective of Meeting:

The objective of the Board meeting was for the Board to determine the effective date and comment period for the upcoming revised Exposure Draft.

Matters Discussed and Decisions Reached:

1. Mr. Johnson asked the Board whether it agreed that the revised Exposure Draft should be effective for periods ending after June 15, 2006. He stated that using this effective date would make the provisions effective as of the first full quarter following the issuance of the Exposure Draft, which is anticipated to be March 30, 2006. He noted that in addition to a relatively short period of time between issuance and effective date, the Exposure Draft encourages early adoption. He stated that the recommended effective date and transition provisions would allow entities to avoid the disclosures required by SEC Staff Accounting Bulletin No. 74, *Disclosures by a Registrant When an Accounting Standard Has Been Issued but Not Yet Adopted*.
2. Ms. Seidman noted that a member of the User Advisory Council expressed the concern that calendar-year entities would calculate first quarter EPS under Statement 128 and second and subsequent quarters under the proposed Statement if the proposed Statement is effective for periods ending after June 15, 2006. She stated that non-calendar-year entities would have the same inconsistency if the effective date were changed to periods ending after December 15, 2006, but noted that the majority of public companies are calendar-year entities.
3. Mr. Johnson stated that the Board will reconsider the effective date during redeliberations. He stated that the Board could minimize the inconsistency by changing the effective date to periods ending after December 15, 2006, or eliminate the

inconsistency by requiring presentation of all pre-change quarterly EPS amounts in the year of adoption. In addition, he noted that the inconsistency is not unique to this Exposure Draft because EPS for prior periods will change any time an entity retrospectively applies an accounting change.

4. Mr. Batavick stated that in his former role as a preparer, he would provide the new presentation of EPS for prior quarters voluntarily. Ms. Bielstein added that the preparers she spoke with also would provide such information voluntarily.

5. The Board unanimously agreed that the revised Exposure Draft should be effective for periods ending after June 15, 2006.

6. Mr. Johnson asked the Board whether it agreed that the comment period should be 60 days. He stated that the staff recommends 60 days because:

a. The guidance will affect primarily sophisticated users who have accounting policy groups that can respond quickly to requests for comment.

b. Much of the guidance in the document was exposed once before, prior to redeliberations.

c. The comment period falls after vacation season but before reporting season.

d. The comment periods for other documents currently out for public comment expire by the end of October, whereas a 60-day comment period for this document would not expire until early December, and the upcoming comment periods for other documents that will be exposed for public comment will extend into 2006.

7. The Board unanimously agreed that the comment period for the revised Exposure Draft should be 60 days.

Follow-up Items:

None.

General Announcements:

None.