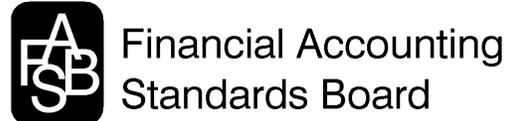


MINUTES



To: FASB Board Members
From: Leases Team
Subject: Minutes of January 20, 2011 Joint Board Meeting **Date:** February 4, 2011
cc: FASB: Bielstein, Lott, Proestakes, Stoklosa, Mechanick, Zeyher, Helmus, Gonzales, Paul, Spreitzer, C. Smith, Brickman, Glotzer, Gabriele, Sutay, FASB Intranet, McGarity, Klimek; FASAC: Chookaszian, Posta, Guasp; GASB: Finden, Avis; IASB: Rees, Humphreys, Lian, Vatrenejak, Kim, Davidson

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 an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Leases

Basis for Discussion: FASB Memo 126—View on possible paths forward for lessor accounting

Length of Discussion: 9:15AM to 11:15AM EST

Attendance:

Board members present: IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Gomes, Kalavacherla, König, McConnell, McGregor, Pacter, J. Smith, Yamada, Zhang

FASB: Golden, Linsmeier, Seidman, Seigel, Smith

Board members absent: None

Staff in charge of topic: FASB: Zeyher

IASB: Humphreys, Lian

Other staff at Board table: IASB: Rees

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a proposed Accounting Standards Update addressing leases.

The Board's technical plan calls for that document to be issued at the end of the second quarter of 2011.

Summary of Decisions Reached:

Lessor Accounting

The IASB and the FASB discussed the next steps for redeliberating the lessor accounting model proposed in the Exposure Draft, Leases.

The Boards noted the benefit of considering lease issues from the perspective of both a lessee and a lessor and, therefore, decided that they should continue to address lessee and lessor accounting issues together.

The Boards also noted that some respondents questioned why the Exposure Draft proposes consistent application of a right-of-use model by all lessees, but proposes that application by lessors depends on an assessment of whether the lessor retains exposure to significant risks and benefits associated with the underlying asset. The Boards noted that many respondents, including users, think some lessees and lessors enter into lease contracts to finance the use of an underlying asset, whereas other lessees and lessors enter into lease contracts for other reasons, such as the operational flexibility provided by the contract. The Boards directed the staff to explore whether there should be two approaches to apply the right-of-use model by both lessees and lessors, and therefore two different patterns of profit or loss recognition, and how to differentiate between the two approaches.

This session was for education only, and thus the Boards did not make any technical decisions.