MINUTES

 Financial Accounting Standards Board

To: Board Members

From: Leases Team

Subject: Minutes of March 2, 2011, Joint Board Meeting   **Date:** March 7, 2011

cc: FASB: Cosper, Bielstein, Lott, Proestakes, Stoklosa, Mechanick, Zeyher, Bauer, 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, Vatrenjak, 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 137—Confirmation of the right-of-use model

                                    FASB Memo 138—Scope—exclusion for intangibles and other exclusions

Length of Discussion: 9:45AM to 10:40AM EST

Attendance:

   Board members present: FASB: Buck, Golden, Linsmeier, Schroeder Seidman, Seigel, Smith

                            IASB: Gomes, McConnel, Danjou, Cooper, Wei-Guo

| Board members participating via phone: | IASB: Scott, Konig, Smith, Kalavacherla, Pacter |

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participating via phone: IASB: Scott, Konig, Smith, Kalavacherla, Pacter

Board members
participating via video: IASB: Tweedie, Yamada, McGregor

Board members absent: IASB: Engstrom, Finnegan

Staff in charge of topic: FASB: Zeyher

    IASB: Humphreys

Other staff at Board table: FASB: Bauer, Donoghue, Gonzales, Helmus, Paul, Spreitzer, Stoklosa

    IASB: Kim, 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:

The FASB and the IASB discussed the application of the right-of-use model to all lease arrangements and discussed the scope of the leases standard.

Confirmation of the Right-of-Use Model

The Boards affirmed the decision in the leases Exposure Draft to apply a right-of-use model to all lease arrangements. Under that model, a lessee in an arrangement that is, or contains, a lease would recognize an asset representing its right to use an underlying asset during the lease term and a liability representing its obligation to make lease payments during the lease term. Application of the right-of-use model by a lessor will be discussed at a future meeting. (FASB: Unanimous; IASB: Unanimous)

Scope

The Boards tentatively decided that leases of intangibles are not required to be accounted for in accordance with the leases standard. (FASB: Unanimous; IASB 13-1)

The Boards affirmed the decision in the leases Exposure Draft that the following are within the scope of the leases standard:
1. Right-of-use assets in a sublease
2. Leases of non-core assets
3. Long-term leases of land. (FASB: Unanimous; IASB: Unanimous)

The Boards affirmed the decision in the leases Exposure Draft that the following are not within the scope of the leases standard:
1. Leases for the right to explore for or use minerals, oil, natural gas and similar non-regenerative resources
2. Leases of biological assets, including (U.S. GAAP only) timber
3. (IFRSs only) Leases of service concession arrangements within the scope of IFRIC 12, *Service Concession Arrangements.* (FASB: Unanimous; IASB: Unanimous)

The Boards directed the staff to perform additional research and present an analysis at a future meeting of whether the following are within the scope of the leases standard:
1. Leases of internal-use software in accordance with Subtopic 350-40, Intangibles–Goodwill and Other Internal-Use Software, of the *FASB Accounting Standards Codification®*
2. Leases of inventory.

Next Steps

The Boards will continue their redeliberations of the leases Exposure Draft at future meetings.

General Announcements: None.