

**Emerging Issues Task Force
Agenda Committee Report
October 15, 2007**

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Emerging Issues Task Force Agenda Committee Decisions on Proposed Issues

1. Accounting for Lending Commitments

Background

Companies may enter into commitments to lend money. In the current credit environment, some of those commitments to originate loans may result in the funding of loans that at the time of funding are not at an interest rate that reflects the current market rate (that is, they are considered off-market).

In analyzing its loan commitments for the impact of the loan becoming off-market, a company must determine which of the following categories its loan commitment falls into to determine the appropriate accounting:

- a. The loan commitment meets the scope requirements for consideration as a derivative under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and SEC Staff Accounting Bulletin No. 105, *Application of Accounting Principles to Loan Commitments*.
- b. The company has early adopted FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, and elected to account for loan commitments at fair value.
- c. The company applies industry-specific accounting guidance, for example the AICPA Audit and Accounting Guide, *Brokers and Dealers in Securities*, that requires financial instruments to be accounted for at fair value.
- d. The company intends to sell the loan upon funding the commitment.
- e. The company has the intent and ability to hold the loan to maturity.

Some have questioned whether in a transaction in which a company commits to lending funds and the loan commitment is not accounted for under Statement 133, Statement 159, or industry-specific accounting guidance, how the company should account for any change in the loan commitment value prior to funding.

Accounting Issue

How a company should account for the change in value of a loan commitment prior to funding when the loan commitment is not within the scope of Statement 133, Statement 159, or industry-specific accounting guidance.

Agenda Committee Decision: *The Agenda Committee decided not to add this issue to the EITF agenda.*

2. Accounting for Value Beyond Proven and Probable Reserves in a Business Combination

Background

In 2004, EITF Issue No. 04-3, "Mining Assets: Impairment and Business Combinations," was issued to address a number of accounting and financial reporting issues unique to business combinations in the mining industry. Issue 04-3 provides guidance that an entity should include value beyond proven and probable (VBPP) reserves in the value allocated to mining assets in a purchase price allocation to the extent that a market participant would include VBPP in determining the fair value of the asset.

Proven and probable reserves are defined by the SEC in Industry Guide 7, "Description of Property by Issuers Engaged or to Be Engaged in Significant Mining Operations," (see Appendix A to this proposed issue). Beyond proven and probable reserves, mining engineering professional societies have defined mineral resources to include (in order of decreasing geological confidence), *measured*, *indicated*, and *inferred* resources. Generally, a *measured* resource requires a high level of confidence, an *indicated* resource requires a reasonable level of confidence, and an *inferred* resource requires a low level of confidence in the geological data. In addition to geological evidence, the SEC requires that an economic feasibility study be completed before resources can be considered proven or probable reserves and accordingly disclosed in filings.¹ Definitions of these common mining terms are included in Appendix A to this proposed issue.

In addition to industry-defined mining terms, during deliberations on Issue 04-3 and on EITF Issue No. 04-2, "Whether Mineral rights Are Tangible or Intangible Assets," the Task Force discussed speculative mineral rights (also referred to as exploration potential), which the Task Force characterized as mineral rights for which an entity does not have enough geological evidence on which to conclude that it has *inferred* mineral resources.

¹ Paragraph (b)(5)(3) of SEC Industry Guide 7 states that "estimates other than proved (measured) or probable (indicated) reserves, and any estimated values of such reserves shall not be disclosed unless such information is required to be disclosed by foreign or state law; provided, however, that where such estimates previously have been provided to a person (or any of its affiliates) that is offering to acquire, merge, or consolidate with, the registrant or otherwise to acquire the registrant's securities, such estimates may be included."

In practice, because *measured, indicated, and inferred* resources are globally recognized and defined within the mining industry, the industry has assigned value to those resources in a business combination as part of the purchase price allocation. However, because Issue 04-3 does not define the components of VBPP and because speculative mineral rights are not a globally recognized term within the mining industry, value is not always assigned to those resources in a business combination. As a result, some have questioned whether speculative mineral rights should be considered a component of VBPP or whether that value should be included in the goodwill generated from the acquisition.

Scope

This Issue addresses whether a speculative mineral right as defined in Issue 04-3 should be included in VBPP. It does not define a speculative mineral right or exploration potential.

Accounting Issue and Alternatives

Whether speculative mineral rights should be considered a component of VBPP reserves.

View A: VBPP reserves shall include value attributable to measured, indicated, and inferred resources, and to speculative mineral rights.

Paragraph 35 of FASB Statement No. 141, *Business Combinations*, requires an entity to allocate the purchase price in a business combination based on the estimated fair value of the assets acquired and the liabilities assumed at the date of acquisition. Therefore, proponents of View A believe that an acquirer should consider all of the information that it considered at the time it negotiated the purchase price when allocating value to acquired assets, including information about potential reserves (speculative mineral rights). Proponents of View A point out that a typical buyer will consider many factors in estimating the fair value of the entity to be acquired, including information concerning known resources (*measured, indicated, and inferred*) as well as information concerning the potential existence of additional resources (speculative mineral rights).

For example, in an acquisition, as a part of the buyer's due diligence efforts, it is common for the buyer to review initial non-invasive exploration work designed to develop conceptual targets, such as aerial geophysics, to estimate the premium to pay for VBPP reserves. Exploration results include data and information generated by exploration programs that are of use to an entity in testing concepts and prioritizing expenditures on projects. Initial exploration normally generates point data; typically samples from rock outcrops or streams or widely spaced drill holes. It is usually too early to assess whether the geology and grade identified at these points meet the definition of a resource as defined by recognized mining professional societies. However, it is common for an acquirer of mining assets to consider the potential quantity and grade of the target company's mineral properties based on information existing at the date of the acquisition.

Proponents of View A further clarify that the value of speculative mineral rights includes mineralized material contained in a mining asset, beyond that which is attributable to reserves and resources, that the acquirer has the legal right to access and retain the benefits resulting from the acquisition.

Accordingly, proponents of View A believe VBPP should include *measured, indicated, and inferred* resources, and speculative mineral rights.

View B: VBPP reserves shall only include value attributable to measured, indicated, and inferred resources.

Proponents of View B believe that no value should be allocated to speculative mineral rights in a business combination. Proponents of View B point out that the mining industry already operates under a globally accepted definition of mineral resources, which is defined as a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, quantity, and quality that there are reasonable prospects for eventual economic extraction. View B proponents do not believe speculative mineral rights meet the definition of a mineral resource because they do not result in a reasonable prospect for economic extraction.

Furthermore, proponents of View B point out that inferred resources are already based on a low level of confidence in the available geological data. To further reduce the level of confidence required to qualify as a mineral resource would result in value being assigned to items proponents of View B do not believe meet the definition of an asset as defined by FASB Concepts Statement No. 6, *Elements of Financial Statements*,² because the future benefits are not probable.

Proponents of View B also believe that requiring that value be allocated to speculative mineral rights could result in no goodwill being recognized in the acquisition, particularly when the mining assets being acquired consist of only one mine. For example, it is common for a buyer to pay a premium for the acquired entity beyond the value attributable to the proven and probable reserves. Proponents of View B believe that this premium represents the value attributable to the known resources and the acquired entity's ability to identify and extract minerals from the existing mine beyond those currently classified as reserves or resources. Because of the subjective nature of speculative mineral rights, proponents of View B believe that this value represents goodwill. Proponents of View B believe that the requirement to allocate value to speculative mineral rights would result in the value otherwise attributable to goodwill being allocated to speculative mineral rights and subsequent impairments once it is determined whether resources exist or not.

Agenda Committee Decision: *The Agenda Committee decided not to add this issue to the EITF agenda.*

² Paragraph 26 of Concepts Statement 6 lists three essential characteristics of an asset: "(a) it embodies a probable future benefit that involves a capacity, singly or in combination with other assets, to contribute directly or indirectly to future net cash inflows, (b) a particular entity can obtain the benefit and control others' access to it, and (c) the transaction or other event giving rise to the entity's right to or control of the benefit has already occurred."

Appendix A to Proposed Issue No. 2

DEFINITIONS

Proven and probable reserves as defined in SEC Industry Guide 7:

1. *Proven Reserves.* Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
2. *Probable Reserves.* Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

Mineral resources as defined by The Society for Mining, Metallurgy, and Exploration, Inc.:

1. **Measured Mineral Resource:** Mineral Resource for which both overall and local tonnages, densities, shapes, physical characteristics, grades and mineral contents can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

A deposit or part of a deposit may be classified as a Measured Mineral Resource when the nature, quality, amount and distribution of data are such as to leave no reasonable doubt, in the opinion of the Competent Person determining the Mineral Resource, that the tonnage and grade of production planning and scheduling increments can be estimated within close limits and that any variation from the estimate would not significantly affect potential economic viability of individual increments.

2. **Indicated Mineral Resource:** Mineral Resource for which overall tonnages, densities, shapes, physical characteristics, grades and mineral contents can be estimated with high levels of confidence, and local tonnages, densities, shapes, physical characteristics, grades and mineral contents can be estimated with reasonable levels of confidence. An Indicated Mineral Resource is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes. The locations are too widely or inappropriately spaced to confirm

geological continuity and grade continuity but are spaced closely enough for continuity to be assumed. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource, but has a higher level of confidence than that applying to an Inferred Mineral Resource. An Indicated Mineral Resource estimate is of sufficient quality to support detailed technical and economic studies leading to a Mineral Reserves Declaration Report which can serve as the basis for major development decisions.

A deposit or part of a deposit may be classified as an Indicated Mineral Resource when the nature, quality, amount and distribution of data are such as to allow the Competent Person determining the Mineral Resource to confidently interpret the geological framework and to assume continuity of mineralization.

3. *Inferred Mineral Resource.* Mineral Resource for which the overall tonnages, grades and mineral contents can be estimated with a reasonable level of confidence. It is based on geological evidence and apparent geological and grade continuity after applying economic parameters. It is derived from information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and which in some way is limited or of uncertain quality and reliability. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource. Inferred Mineral Resources should exclude material for which there is insufficient data to allow the inference of geological or grade continuity. Inferred Mineral Resources are intended to be sufficiently defined that overall tonnages, grades and mineral contents can be estimated with a reasonable level of confidence.

The category is intended to cover situations where a mineral concentration or occurrence has been identified and limited measurements and sampling completed, but the data are sufficient to allow the inference of geological and grade continuity.

3. Measurement Date Approach for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services

Background

EITF Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," discusses the accounting for stock options and other equity instruments issued to nonemployees. Under the guidance in Issue 96-18, a measurement date occurs as of the earlier of (a) the date at which a performance commitment is reached or (b), absent a performance commitment, the date at which the performance necessary to earn the equity instruments is complete (that is, the vesting date).

EITF Issue No. 00-18, "Accounting Recognition for Certain Transactions involving Equity Instruments Granted to Other Than Employees," discusses the accounting for fully vested, nonforfeitable equity instruments granted to nonemployees. During the course of the Task Force's deliberations of Issue 00-18, the Task Force directed the FASB staff to further develop a measurement date approach for nonemployee share-based payment awards similar to the approach in Issue 96-18 and to focus on improving the guidance used to determine the date at which a commitment for counterparty performance to earn the equity instruments is reached.

At the March 15, 2007 EITF meeting, the FASB staff recommended removing any further consideration of the measurement date approach for nonemployees in Issue 00-18 from the Task Force's agenda. That recommendation was based, in part, on the fact that the measurement and recognition of share-based payment awards to nonemployees may be addressed in the second phase of the Board's share based payment project. The Task Force agreed with the FASB staff's recommendation and removed further consideration of the measurement date approach for nonemployees from the EITF agenda.

FASB Statement No. 123 (revised 2004), *Share-Based Payment*, was the completion of the Board's first phase of a two-phase project to broadly reconsider the accounting guidance on share-based payment awards. The first phase focused on the accounting for share-based payment awards issued to employees, and the second phase was intended to address the accounting for share-based payment awards issued to nonemployees and employee share ownership plans. In

March 2005, the Board decided not to begin the second phase of the share-based payment project immediately, but rather to wait for further developments under the Board's liabilities and equity project.

Subsequent to the March 15, 2007 EITF meeting, the FASB staff received an agenda request that the Task Force address the measurement date approach for nonemployees who have exclusivity arrangements with the issuer. It requested that the Task Force identify factors that entities should consider when evaluating whether a performance commitment exists for exclusive independent contractor relationships. The arrangements identified in the agenda request would have required the Task Force to issue guidance to clarify that a performance commitment could exist when the terms do not include specific monetary contractual damages in the event of nonperformance. Footnote 3 of Issue 96-18 states:

A performance commitment is a commitment under which performance by the counterparty to earn the equity instruments is probable because of sufficiently large disincentives for nonperformance. The disincentives must result from the relationship between the issuer and the counterparty. Forfeiture of the equity instruments as the sole remedy in the event of the counterparty's nonperformance is not considered a sufficiently large disincentive for purposes of applying this guidance. In addition, the ability to sue for nonperformance does not represent a sufficiently large disincentive to ensure that performance is probable. (The Task Force observed that an entity can always sue for nonperformance but that it is not always clear whether any significant damages would result.)

The term "performance commitment" is also consistently described in EITF Issue No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios."

Accounting Issue and Alternatives

Whether the Task Force should add a project to its agenda to identify factors to consider when determining whether a performance commitment exists when the arrangement is with a nonemployee with an exclusivity arrangement.

View A: The Task Force should add a project to its agenda to determine factors to consider when determining whether a performance commitment exists when the arrangement is with a nonemployee with an exclusivity arrangement (narrow approach).

View B: The Task Force should add a project to its agenda but that project should broadly consider the measurement date and recognition guidance for share-based payment awards to nonemployees (broad approach).

View C: The Task Force should not add this project to its agenda until more information is available on phase two of the Board's share-based payment project.

Agenda Committee Decisions: *The Agenda Committee deferred making a decision on whether to add this issue to the EITF agenda pending further research by the FASB staff.*

4. Determining Whether Payments to Incentive Distribution Rights (IDR) Holders in Master Limited Partnerships Represent Equity Distributions or Compensation Expense

Background

At the September 11, 2007 EITF meeting, the Task Force reached consensus-for-exposure on EITF Issue No. 07-4, "Application of the Two-Class Method under FASB Statement No. 128, *Earnings per Share*, to Master Limited Partnerships." Issue 07-4 addresses, when applying the two-class method under Statement 128, how current-period earnings of a Master Limited Partnership (MLP) should be allocated to the General Partner (GP), Limited Partners (LPs), and IDR holders. The Task Force observed that the determination of whether the incentive distribution is an equity distribution or compensation expense is outside the scope of Issue 07-4. Accordingly, the Task Force reached a consensus-for-exposure that Issue 07-4 applies only to MLPs that have concluded that the incentive distribution is an equity distribution. During the deliberations of Issue 07-4, some Task Force members (and the SEC Observer) questioned the nature of the GP's involvement with the MLP and the accounting for the payments to the IDR holders as equity distributions (as opposed to compensation expense).

Some note that this issue is not limited to publicly traded MLPs that contain IDRs. A similar issue could exist for non-public partnerships (for example, certain professional services firms for which annual distributions to partners are treated as equity distributions on the books of the partnership as opposed to compensation expense). In addition, Issue 07-4 notes that MLPs are predominately utilized in the energy industry and certain extractive industries; however, the MLP structure can also be utilized by partnerships in other industries.³ Some will note that this issue is similar to the recent debate regarding the characterization of "carried interest" in the private equity and hedge fund industry for income tax purposes. The recent tax debate focuses on whether carried interest⁴ represents compensation for services or an interest in the partnership's capital. Given the potential pervasive nature of the issue to both non-public

³ Publicly traded partnerships are generally treated as corporations for tax purposes and are subject to corporate income tax; however, the MLP structure represents an exception for certain partnerships that derive at least 90 percent of their income from passive investments such as dividends, rents, and capital gains from mining and natural resources. MLPs do not pay corporate tax.

⁴ GPs in many private equity and hedge funds generally receive two types of compensation: (1) a management fee based on the percentage of assets under management and (2) a percentage of the fund's earnings once specified benchmarks are met. The latter fee is referred to as "carried interest" and it is characterized as a capital gain under current tax rules (as opposed to ordinary income).

partnerships and MLPs in other industries, the Task Force will also need to consider whether any guidance should be limited to payments to IDR holders in MLP structures.

As discussed in the draft abstract and Issue Summaries for Issue 07-4, publicly traded MLPs often issue multiple classes of securities that may participate in partnership distributions according to a formula specified in the partnership agreement. A typical MLP is formed by the general partner contributing mature assets with stable cash flows to the partnership in exchange for its GP Interest and IDRs. Generally, the IDRs represent a separate class of non-voting limited partner interest (LP interest). However, some arrangements are structured such that the IDRs are not a separate LP interest, but are embedded within the GP Interest.

Generally, the GP is responsible for conducting, directing, and managing all activities of the MLP. The GP is not compensated for its services as the GP. However, the GP is reimbursed on a monthly basis for all direct and indirect expenses that the GP incurs or payments it makes on behalf of the MLP.

Generally, the partnership agreement obligates the GP to distribute 100 percent of the partnership's Available Cash⁵ at the end of each quarter to the GP, LPs, and, when certain thresholds are met, the IDR holders via a distribution waterfall (that is, a schedule that prescribes distributions to the GP, LPs, and IDR holders at each threshold). IDRs are generally structured such that the IDR holders (generally, the GP) will receive an increasing percentage of Available Cash based on the overall amount of Available Cash (thus, providing the GP with an incentive to increase the amount of Available Cash). For example, some partnership structures provide the IDR holder with a percentage of Available Cash ranging from 2 percent (for a lower overall level of Available Cash) to 50 percent (for a higher overall level of Available Cash).

⁵ Available Cash is typically defined in the partnership agreement as all cash on hand at the end of each quarter less cash retained by the partnership as capital to (i) operate the business (for example, future capital expenditures), (ii) comply with applicable law, debt, and other agreements, and (iii) provide funds for distribution to the Common Unit, GP, and IDR holders for any one or more of the next four quarters.

Accounting Issues and Alternatives

Issue 1: Whether payments to IDR holders in MLPs represent equity distributions or compensation expense.

View A: Payments to IDR holders in MLPs represent compensation expense.

Proponents of View A believe that payments to IDR holders are essentially performance-based pay to the GP for services provided to the partnership. Proponents note the IDR structure is akin to a profit-sharing arrangement in which the GP is compensated for successfully managing the partnership and providing increased cash distributions to the LPs. View A proponents acknowledge that a GP typically makes an equity investment in the partnership; however, the substance of the IDR arrangement (for example, the fact that IDR holders are generally only paid after certain thresholds are reached and the fact that their payout percentage increases as the overall distributable cash increases) and the relatively high allocation of cash flows to the IDR holders in comparison to the equity investment would indicate that the payment represents compensation for the services provided by the GP as opposed to a return of capital.

Proponents of View A also note that a GP is generally reimbursed for all direct and indirect expenses that the GP incurs on behalf of the MLP (for example, salaries, bonuses, and incentive compensation paid to employees of the GP who performed services for the MLP). View A proponents believe that if a third party were to provide similar services to the MLP, that party would charge the MLP an amount in excess of the costs incurred (a profit element). Proponents note the same concept would apply to the expertise and know-how that the GP is providing to the MLP. If a third-party service provider were acting as the GP, the MLP would clearly incur an expense for the services provided by the third party. View A proponents do not believe that the incurrence of the expense or its nature is changed simply because the GP is the party providing the services. Proponents of View A also note that when the IDRs are a separate LP interest, the holders of the IDRs (which is initially the GP) can generally only transfer or sell the IDRs subject to consent requirements of the LPs. View A proponents note that the consent requirements reflect the fact that the experience and expertise of the GP is something that the LP bargained for as part of its investment in the partnership. Thus, payments under the IDR

arrangement represent compensation for that experience and expertise (and the ongoing service). Proponents note that there is no fundamental difference between the substance of this arrangement and a profit-sharing plan or the concept behind a stock option award.

View B: Payments to IDR holders in MLPs represent equity distributions.

View B proponents believe that payments to IDR holders represent equity distributions that reflect a return on the investment made by the GP in the MLP. This equity distribution reflects both the capital invested by the GP in the partnership and the risk taken by the GP in relation to that borne by the LPs. View B proponents believe that the GP is not performing a different role than what they were doing prior to the assets being contributed to the MLP. The GP is attempting to maximize the value of the assets and the cash flows associated with those assets. The GP is rewarded for this effort though higher upside potential on its equity investment.

View B proponents cite the guidance related to non-public investment partnerships in paragraph .22 of AICPA Statement of Position 95-2, *Financial Reporting by Nonpublic Investment Partnerships*, which indicates that

the relatively material allocation of profits provided for in nonpublic partnership agreements may be considered either a disproportionate partnership income allocation, based on the fact that the general partner has incurred material cost and effort in organizing the partnership, managing the partnership, and incurred disproportionate risk as the general partner, or a compensation arrangement.

AcSEC concluded that the accounting for payments to GPs should conform to the structure of the partnership agreement because definitive guidance could not be issued without deliberation of broader partnership issues. View B proponents believe that this guidance reflects the fact that the GP has made an investment in the partnership and that there would not be a reliable method to distinguish between the return earned on that investment and compensation for services provided.

View C: Payments to IDR holders in MLPs should be accounted for in accordance with the substance of the arrangement. In some arrangements the payments may be compensation for management services, in others the payments may be for equity distributions, and in some situations the substance of the payment may comprise both.

View C proponents believe that payments to the IDR holders represent a return of capital invested by the GP as well as compensation for services provided by the GP. View C proponents believe that both View A and View B ignore certain critical aspects of the relationship between the IDR holders (generally, the GP) and the MLP. View A ignores the fact that the IDR holders are generally only the GP that has made an equity contribution and thus some part of the payment from the MLP represents a return of that capital and a return on that capital. View B ignores the fact that although the GP has made an equity distribution, there are also services being provided by the GP that the GP is being compensated for. Absent some other compensation arrangement between the GP and the partnership, some of that compensation must come from the IDR payments. View C proponents believe that EITF Issue No. 95-8, "Accounting for Contingent Consideration Paid to the Shareholders of an Acquired Business Combination," provides some factors to identify compensation for services and profit sharing arrangements that would be useful when addressing this issue.

Issue 2: Whether guidance to address Issue 1 should consider fact patterns other than payments to IDR holders in an MLP structure.

View A: Guidance should only address payments to IDR holders in MLPs.

View B: Guidance should not be limited to payments to IDR holders in MLPs and should consider payments to partners more broadly.

Agenda Committee Decisions: *The Agenda Committee decided not to add this issue to the EITF agenda.*

FASB EMERGING ISSUES TASK FORCE
Proposed November 29, 2007 Meeting Agenda

<u>Issue Number</u>	<u>Issue</u>	<u>Proposed Time</u>	<u>Staff Assigned</u>
	Administrative Matters - New Issues - Other Matters	9:00–9:15	Paul
07-4	Application of the Two-Class Method under FASB Statement No. 128, <i>Earnings per Share</i> , to Master Limited Partnerships	9:15–9:45	Wyatt/ Zecher
07-6	Accounting for the Sale of Real Estate Subject to the Requirements of FASB Statement No. 66, <i>Accounting for Sales of Real Estate</i> , When the Agreement Includes a Buy-Sell Clause	9:45-10:15	Maples/ Wyatt
	* * * BREAK * * *	10:15–10:30	
07-5	Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock	10:30-12:00	Stevens/ Malcolm
	* * * LUNCH * * *	12:00–1:00	
07-1	Accounting for Collaborative Arrangements	1:00-2:15	Bolash/ Paul

Status of Open Issues and Agenda Committee Items

The following represents the FASB staff's assessment of the status and immediate plans with respect to the open Issues on the Task Force's agenda. The Issues on the proposed agenda for the November 29, 2007 meeting are considered either high priority issues or issues on which meaningful progress can be made within the staff's given complement of resources. The staff's prioritization of issues is based primarily on the FASB staff's understanding of the level of diversity in practice created by each respective Issue, the financial reporting implications of that diversity, the current interaction, if any, of the Issues with active Board projects, and current resource availability among the staff (with respect to both time and relevant technical expertise).

Issue No.	Description	Date Added	Date(s) Discussed	Next Meeting	EITF Liaison	FASB Staff	Immediate Plans	Due Date - Next Deliverable
07-1	Accounting for Collaborative Arrangements	8/06	3/07, 6/07, 9/11	11/07	Schroeder	Bolash/ Paul	The FASB staff will prepare an Issue Supplement for a future meeting	November 29, 2007 EITF meeting
07-4	Application of the Two-Class Method under FASB Statement No. 128, <i>Earnings per Share</i> , to Master Limited Partnerships	4/07	6/07, 9/11	11/07	Bielstein	Wyatt/ Zecher	The FASB staff will prepare an Issue Supplement for a future meeting	November 29, 2007 EITF meeting
07-5	Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock	9/07	9/11	11/07	Bielstein	Stevens/ Malcolm	The FASB staff will form a working group for this Issue and prepare an Issue Supplement for a future meeting	November 29, 2007 EITF meeting

Issue No.	Description	Date Added	Date(s) Discussed	Next Meeting	EITF Liaison	FASB Staff	Immediate Plans	Due Date - Next Deliverable
07-6	Accounting for the Sale of Real Estate Subject to the Requirements of FASB Statement No. 66, <i>Accounting for Sales of Real Estate, When the Agreement Includes a Buy-Sell Clause</i>	9/07	9/11	11/07	Bielstein	Maples/ Wyatt	The FASB staff will prepare an Issue Supplement for a future meeting	November 29, 2007 EITF meeting

Other EITF Issues including Inactive Issues Pending Developments in Board Projects								
Issue No.	Description	Date Added	Date(s) Discussed	Next Meeting	FASB Staff	Immediate Plans	Due Date - Next Deliverable	
00-27	Application of EITF Issue No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios," to Certain Convertible Instruments	5/00	11/00, 1/01	Not scheduled	TBD	Pending further progress on Phase II of the Board's liabilities and equity project.	N/A	

Other EITF Issues including Inactive Issues Pending Developments in Board Projects							
Issue No.	Description	Date Added	Date(s) Discussed	Next Meeting	FASB Staff	Immediate Plans	Due Date - Next Deliverable
02-D	The Effect of Dual-Indexation both to a Company's Own Stock and to Interest Rates and the Company's Credit Risk in Evaluating the Exception under Paragraph 11(a)(1) of FASB Statement No. 133, <i>Accounting for Derivative Instruments and Hedging Activities</i>	3/02	N/A	Not scheduled	TBD	Pending further progress on Phase II of the Board's liabilities and equity project.	N/A
03-15	Interpretation of Constraining Conditions of a Transferee in a Collateralized Bond Obligation Structure	11/02	N/A	Not scheduled	Lusniak	Pending further progress on the Board's projects to reconsider certain aspects of Statement 140.	Future Agenda Committee or EITF Meeting
06-12	Accounting for Physical Commodity Inventories for Entities within the Scope of the AICPA Audit and Accounting Guide, <i>Brokers and Dealers in Securities</i>	8/06	11/06	Not scheduled	Fanzini/ TBD	Pending the outcome of the Board's project to amend ARB No. 43, <i>Restatement and Revision of Accounting Research Bulletins</i> .	Future EITF Meeting

Issues Pending Further Consideration by the Agenda Committee							
Issue No.	Description	Date Added	Date(s) Discussed	Next Meeting	FASB Staff	Immediate Plans	Due Date - Next Deliverable
N/A	Application of EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets," When a Special-Purpose Entity Holds Equity Securities and Whether an Investment That Is Redeemable at the Option of the Investor Should Be Considered an Equity Security or Debt Security	9/00	N/A	Not scheduled	TBD	Statement 155 did not address this Issue. Therefore, the FASB staff will bring this Issue to the Agenda Committee at a future meeting to determine whether to begin discussions on this Issue.	Future Agenda Committee