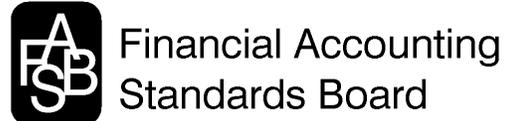


MINUTES



To: Board Members
From: Fanning (ext. 296)
Subject: Minutes of the September 24, 2008 Board Meeting—Disclosure of Certain Loss Contingencies **Date:** October 7, 2008
cc: FASB: Bielstein, Golden, Lott, Posta, Proestakes, Stoklosa, C. Smith, Allen, Chookaszian, Klimek, Glotzer, Mechanick, Trench, Gabriele, Sutay, Elsbree, Hood, Vaheb, Fanning, FASB Intranet; IASB: Leisenring

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, Interpretation, or FASB Staff Position.

Topics: FASB Statement No. 5, *Accounting for Contingencies*, and Exposure Draft, *Disclosure of Certain Loss Contingencies*

Basis for Discussion: Board Memorandum No. 7

Length of Discussion: 10:15–10:30 a.m.

Attendance:

Board members present: Batavick, Herz, Linsmeier, Seidman, and Smith

Board members absent: None

Other Participants: None

Staff in charge of topic: Elsbree, Hood, Vaheb, and Fanning

Other staff at Board table: Golden and Proestakes

Summary of Decisions Reached:

The Board decided on a plan for redeliberations of its Exposure Draft, *Disclosure of Certain Loss Contingencies*. The Board directed the staff to prepare an alternative model that attempts to address the concerns that certain constituents raised about the Exposure Draft. This alternative model will be field tested along with the model in the Exposure Draft. The staff expects that field testing will take place during November and December 2008, and roundtable meetings will occur in either early January or March 2009. Board redeliberations are expected to begin in late March or April 2009. The Board also decided that any final Statement on this topic will be effective no sooner than for fiscal years ending after December 15, 2009.

Objectives of Meeting:

The objective of the meeting was to decide on a plan for redeliberations of the Board's Exposure Draft, *Disclosure of Certain Loss Contingencies*. The objective of the meeting was met.

Matters Discussed and Decisions Reached:

ALTERNATIVE MODEL

1. Mr. Elsbree stated that while financial statement users generally support the Board's Exposure Draft, financial statement preparers and attorneys are concerned that several of its provisions would require preparers to disclose prejudicial information and waive attorney-client privilege and work product doctrine.

Staff Recommendation

2. The staff recommended developing an alternative model to address these concerns that would be field tested along with the Exposure Draft.

Board Vote

3. The Board voted for the staff's recommendation. All Board members agreed.

Board Comments

4. Ms. Seidman asked if the Board would have any input in crafting the alternative model. Mr. Elsbree responded that the staff plans to seek the Board's feedback on the alternative model in small group meetings with Board members before finalizing the model for field testing.

EFFECTIVE DATE

5. Mr. Elsbree stated that financial statement preparers believe they need more time to implement the additional controls and procedures necessary to collect the incremental data in order to prepare the proposed disclosures.

Staff Recommendation

6. Mr. Elsbree stated that the staff recommends that the effective date of any final Statement should be no earlier than for fiscal years ending after December 15, 2009.

Board Vote

7. The Board voted for the staff's recommendation. All Board members agreed.

DUE PROCESS CONSIDERATIONS

Staff Recommendation

8. Mr. Elsbree stated that the staff recommends that field testing take place in November and December 2008, public roundtables be held in the first quarter of 2009, and Board redeliberations begin in late March and April 2009.

Board Vote

9. The Board voted for the staff's recommendation. All Board members agreed.

Board Comments

10. Mr. Herz asked if the staff is confident that there are enough companies willing to participate in field testing. Mr. Elsbree responded that, to date, the list of volunteers to participate in the field test is relatively small and the staff would welcome any additional volunteers.

Follow-up items:

- Contact Ralph Ferrara to discuss the alternative model he mentioned at the Financial Accounting Standards Advisory Council (FASAC) meeting.
- Consider talking to Mr. Leisenring's contacts to resolve "misstatements" regarding the original discussions that led to the "Treaty" between the American Bar Association (ABA) and American Institute of Certified Public Accountants (AICPA).
- Utilize the FASB Investors Task Force (ITF) to determine users that will be asked to evaluate field test results.

General Announcements:

None.