

**FINANCIAL ACCOUNTING FOUNDATION
FINANCIAL ACCOUNTING STANDARDS BOARD
FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL**

I. FINANCIAL ACCOUNTING FOUNDATION

The Certificate of Incorporation of the Financial Accounting Foundation (“FAF” or “Foundation”) creates the Foundation as a non-profit, non-stock corporation under Delaware law with its stated corporate purpose being “to advance and to contribute to the education of the public, investors, creditors, preparers and suppliers of financial information, reporting entities and certified public accountants in regard to standards of financial accounting and reporting; to establish and improve the standards of financial accounting and reporting by defining, issuing and promoting such standards; to conduct and commission research, statistical compilations and other studies and surveys; and to sponsor meetings, conferences, hearings, and seminars, in respect of financial accounting and reporting.” The Internal Revenue Service ruled in 1972 and reaffirmed in 1976 that the Foundation is a charitable institution exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

In the furtherance of its purposes, the Foundation established the Financial Accounting Standards Board (“FASB” or the “Board”) to which, by its Certificate of Incorporation and By-Laws, it delegated all power and authority with respect to research, discussion, setting and interpreting of standards of financial accounting and reporting. The Foundation also created a public advisory body, called the Financial Accounting Standards Advisory Council (“FASAC” or the “Advisory Council”), to assist the FASB.

The principal responsibilities of the Foundation’s eleven Trustees (listed in Part IV below), who are nominated by the Foundation’s six sponsoring organizations* and serve without compensation, are fourfold:

1. To appoint members to the FASB;
2. To appoint members to FASAC;
3. To raise funds for the operation of the Foundation and to approve the annual budgets of the Foundation, the FASB and FASAC; and
4. To review periodically the basic structure of establishing and improving standards of financial accounting and reporting.

Beyond the selection of members of the FASB and FASAC, the Foundation’s Trustees have no authority with respect to financial accounting and reporting. The Foundation’s Certificate of Incorporation and By-Laws prohibit FAF Trustees from influencing or interfering with the FASB and the exercise of its power and authority in respect of financial accounting and reporting standards, whether directly or through its approval of annual budgets. Additionally, FAF Trustees are prohibited from simultaneously serving on the FASB, its staff or any of its task forces, or FASAC.

* American Accounting Association, American Institute of Certified Public Accountants, Financial Analysts Federation, Financial Executives Institute, National Association of Accountants and Securities Industry Association.

II. FINANCIAL ACCOUNTING STANDARDS BOARD

The FASB, the authoritative standard-setting body designated by the accounting profession for purposes of Rule 203 of the AICPA's Code of Professional Ethics and recognized by the Securities and Exchange Commission for purposes of the Federal Securities Laws, has responsibility for establishing and improving financial accounting and reporting standards through the issuance of Statements of Financial Accounting Standards, and Interpretations of its Statements, Opinions of the Accounting Principles Board and Accounting Research Bulletins.

Members of the FASB are appointed by the Foundation's Trustees for staggered terms of five years, which terms may be extended for an additional five years. The Foundation's current By-Laws require that no less than four of the FASB's seven members be certified public accountants and the remaining three, who need not be certified public accountants, must be well versed in financial accounting and reporting. At the present time, six of the FASB's seven members are certified public accountants (four of whom have had extensive experience in public practice), and all have substantial experience and are well-versed in accounting matters, as shown below in Part IV of this Exhibit.

All FASB members, as well as all staff directors and deputy directors ("staff directors") and substantially all other staff members, are full-time employees. Under personnel policies adopted by the Foundation's Trustees, and modeled after comparable requirements in Government and elsewhere in the accounting profession, FASB members and staff directors are required to have severed all prior employment and consulting arrangements (except academic leaves in the case of staff directors but not FASB members) and, until giving notice of intention to leave the FASB, are not permitted to have any arrangements, agreements or understandings, formal or informal, with any former or potential future employer or client with regard to their business activities after leaving the Standards Board. While with the FASB, no FASB member or staff director can be owed, directly or indirectly, any amount by any former employer or client, other than by virtue of publicly traded security holdings and fixed, vested amounts under pension, retirement and severance arrangements. Moreover, FASB members and staff directors are not permitted to have any outside activities which might interfere with their duties to the FASB, nor may they make use of any information coming to them as a result of their service with the FASB for personal benefit or use. Each Board member and staff director is required to report no less frequently than annually on his material securities holdings, and each FASB member and staff director is obligated to conduct his affairs at all times in such a manner as not to reflect detrimentally on the purposes or reputation of the FASB or Foundation. These personnel policies have also been extended in part to the FASB's remaining staff as well as to consultants and others retained by the FASB or the Foundation. These policies leave the question of disqualification on technical matters to each FASB member.

A. FASB Operating Procedures

The FASB's operating procedures establish an explicit structure for standard-setting open to public scrutiny. Thus, as stated in the FASB's Rules of Procedure:

"The Financial Accounting Standards Board is charged with a responsibility of significant consequence to the economic well-being of the United States. In carrying out this responsibility, no interest, personal or otherwise, will be placed before the public interest, and the Standards Board will endeavor at all times to keep the public informed as to its activities."

In furtherance of this mandate, the FASB's Rules of Procedure not only reflect concern for independence, objectivity and thoroughness, but also are designed to encourage broad

public participation in the standard-setting process by providing publicized opportunities for comment by anyone interested in doing so, at all stages of the Board's technical process.

1. *Statements of Financial Accounting Standards*

The Chairman of the FASB develops, with the assistance of the Board's technical staff and the advice of the Advisory Council and others, the agenda of projects and priorities for submission to and ultimate approval by the full FASB. Suggestions for possible agenda topics have originated with members of the Board, the FASB's staff, members of the Advisory Council, members of the FASB's Screening Committee on Emerging Problems and task forces, the Securities and Exchange Commission, the business and financial communities, accounting educators, issuers of financial statements, and others.

After a specific project is added to the FASB's agenda, a task force generally is appointed to assist in identifying the project's problems and issues, to determine the nature and extent of additional research, if any, and to consult with the FASB and its technical staff on preparation of a Discussion Memorandum setting forth the issues, arguments, alternative solutions and the implications relevant to each. Substantially all members of a task force have no other relationship to the FASB and serve without compensation, but a task force may include members of the FASB and its technical staff, members of the Advisory Council, FASB consultants, and anyone else who possesses expertise or a viewpoint relevant to the project.

The FASB currently distributes publicly over 27,000 copies of each Discussion Memorandum. In order to maximize public involvement, at least one copy of each Discussion Memorandum is provided free of charge to anyone requesting a copy.

After issuing a Discussion Memorandum, the FASB holds a public hearing in order to receive public comments and suggested solutions. At least 60 days' public notice is normally given of a hearing, unless the FASB considers a shorter period (not less than 30 days) appropriate. The notice of hearing indicates the date or dates prior to the hearing by which comments and position papers and outlines of oral presentations should be submitted. A public transcript is kept for each hearing, including the question and answer sessions between the FASB and those making oral presentations.

Following the public hearing, the FASB considers the transcript and the comments, position papers and proposed solutions submitted by the public, deliberates the issues, and, with the assistance of its technical staff, prepares an Exposure Draft of a proposed Statement. Each Exposure Draft sets forth the proposed financial accounting and reporting standards, the proposed effective date and method of transition, and specifies the time and manner in which the public may comment. Under the FASB's present Rules of Procedure, no Exposure Draft may be issued for comment unless it is approved by the affirmative vote of at least five of the FASB's seven members. The period of public exposure must be at least 60 days unless a shorter period (not less than 30 days) is considered appropriate and is prescribed by the FASB.

The FASB currently distributes publicly over 37,000 copies of each Exposure Draft. As in the case of Discussion Memoranda, at least one copy of each Exposure Draft is free to anyone for the asking.*

* The FASB may, under its Rules of Procedure, proceed directly to the preparation of an Exposure Draft of a proposed Statement, without appointing a task force, preparing a Discussion Memorandum or holding a public hearing. The FASB has followed this procedure where, in its judgment, an informed decision can be made without a Discussion Memorandum or a public hearing. In other cases, the FASB has held hearings on Exposure Drafts instead of a Discussion Memorandum. In no circumstances may a final Statement be issued without prior exposure for public comment for at least 30 days.

Following public exposure and consideration of the comments received, the FASB deliberates further and, with the assistance of its staff, prepares a final Statement for issuance. Generally, each Statement includes the FASB's conclusions, its effective date of application and method of transition, relevant background information, and the various alternative solutions considered by the FASB, including the reasoning that led to the rejection of some alternatives and the acceptance of others, and those modifications resulting from comments received on the Exposure Draft. Additionally, the FASB's Rules of Procedure require that members' dissents be published as a part of the final Statement.

The FASB currently distributes publicly over 100,000 copies of each final Statement.

The extent of public participation in the FASB's public due process is indicated by the following:

179 different persons have served as members of 14 FASB task forces.

2,200 written comments and position papers have been received on the FASB's 13 Discussion Memoranda.

322 oral presentations have been made at 15 public hearings.

3,160 written comments and position papers have been received on 20 Exposure Drafts.

2. Interpretations

The FASB also issues Interpretations of its own Statements, and of Opinions of the Accounting Principles Board and Accounting Research Bulletins. Since Interpretations clarify, explain or elaborate on a Statement, APB Opinion or Accounting Research Bulletin as an aid to its understanding, the FASB's Rules of Procedure provide that the FASB need not appoint task forces, conduct research, prepare Discussion Memoranda, hold public hearings or expose an Interpretation for comment prior to issuance, although it may do so. However, the Rules of Procedure do require that proposed Interpretations be submitted for comment to the members of the FASB's broadly representative Advisory Council for a period of not less than 15 days prior to their issuance. As in the case of Statements, FASB members' dissents are published as a part of final Interpretations. As a matter of policy, the FASB does not issue private or informal, *ex parte* "interpretations".

The FASB currently distributes publicly over 90,000 copies of each final Interpretation.

3. Emerging Problems Procedures

Recognizing that a dynamic and changing economy, new forms of business transactions, and regulatory and legislative action can rather quickly create new accounting and reporting problems, the FASB established in mid-1975 a continuing task force to serve as a Screening Committee on Emerging Problems. This Committee assists the FASB in evaluating the magnitude and urgency of these comparatively narrow, but frequently important, accounting problems, and advises on a time frame within which a solution is desirable. The Screening Committee whose non-FASB members serve without com-

pensation, presently consists of fifteen members, including one FASB member and the FASB's Director of Emerging Problems, seven members of the accounting profession, three financial executives, two financial analysts and one accounting educator. Additionally, representatives of the Office of the Chief Accountant of the Securities and Exchange Commission are observers and attend meetings regularly. The preponderance of accounting representatives on the Screening Committee is in recognition that practicing accountants typically become aware of potential emerging problems first and have the most frequent and extensive contacts with them.

When a problem is brought to the attention of the Screening Committee, the FASB staff prepares background material and information on issues and distributes them to the Screening Committee for its consideration at regularly scheduled meetings. After the Screening Committee considers the problem, the matter is referred to the Board with the Committee's views as to the scope and urgency of the problem. The Board then considers the matter and decides whether to add it to its technical agenda and, if so, its priority and manner of resolution. If, on the other hand, the Board determines not to consider the matter at that time, it so advises the Screening Committee, in which event the Accounting Standards Executive Committee of the AICPA may consider it as a possible subject for an AICPA Statement of Position for the guidance of practitioners, or the Securities and Exchange Commission may decide to take action. Regardless of whether the AICPA proceeds with a Statement of Position, the FASB reserves the right at any time to consider the matter, either as originally proposed or as part of an agenda project.

4. *Review Procedures*

(a) *FASB.* The FASB has been called upon to reconsider certain authoritative pronouncements, and has developed and publicly announced procedures by which anyone can request FASB reconsideration or review.

If the FASB receives a request for reconsideration of a pronouncement, a copy of the request is circulated to each Board member and appropriate members of the FASB's technical staff. In reviewing the request, Board and staff members seek to determine whether this information and reasoning submitted in support of the request had been properly considered prior to issuing the standard or whether, even though considered previously, subsequent events and circumstances have caused reconsideration to be warranted. When such information is found to be present and persuasive, the Board is prepared to consider appropriate action. For example, FASB Statement No. 11 is a case where the Board amended the transition method of its previously issued Statement No. 5. The Board makes an individual response to each request, whether granted or not.

Additionally, the Board grants requests for meetings when it is anticipated that a meeting will produce new and relevant information not otherwise available. When a meeting is requested, the requesting party is asked to submit in advance a written statement setting forth the purpose of the meeting and a summary of the matters proposed to be discussed. This written material is reviewed by the Board member and project manager assigned to the matter in question. If it is felt that a meeting is advisable, the meeting is held.

While not an appeals mechanism as such, the FASB's Screening Committee on Emerging Problems is another publicly announced means by which FASB and APB pronouncements and existing Accounting Research Bulletins can be and are reviewed.

(b) SEC. Apart from its statutory authority to issue accounting rules and regulations, the Securities and Exchange Commission and its staff have also developed over the years a variety of means by which accounting questions and issues, including ones related to FASB and APB pronouncements and Accounting Research Bulletins, can be reviewed, either generally or with reference to a company's particular circumstances.

Pre-filing assistance and interpretative advice are available for *ad hoc* resolution of particular problems. This typically occurs in cases where a company and its independent accountants disagree or where unusual circumstances are presented, and usually results in a solution following discussions with representatives of the SEC's Division of Corporation Finance and/or the Office of the Chief Accountant.

Also, it is possible to receive an informal statement of the views of the Commission on a particular accounting problem. Thus, the Commission has announced procedures by which its views may be obtained when its staff, upon request or on its own motion, presents questions to the Commission involving "matters of substantive importance and where the issues are novel or highly complex, although the granting of the request or an informal statement by the Commission is entirely within its discretion".

Additionally, the Commission's Rules of Practice provide that any person desiring issuance, amendment or repeal of a substantive or interpretative rule or a general statement of policy may file a petition with the Secretary of the Commission. The SEC's rules provide for public notice and public procedures, except where found to be "impracticable, unnecessary or contrary to the public interest", or where interpretative rules or general statements of policy are involved. In the event of a hearing, the Commission's rules permit a person to be heard, at the discretion of the hearing officer, in any matter that affects that person's interests.

5. *Public Record*

An integral aspect of the FASB's operational process, and of its procedures to encourage maximum public participation and due process, is the degree to which its operations are open to public participation and public view.

Thus, the FASB is required by its Rules of Procedure to make prompt public announcement of any development it regards of importance to the public. In particular, announcements are required in the following circumstances:

- Approval of projects for the FASB's agenda and assignment of priorities;
- Completion of a significant phase of a project, such as the work of a task force;
- Issuance and availability of Discussion Memoranda and background and other materials;
- Issuance of notices of public hearings;
- Issuance and availability of Exposure Drafts;
- Availability of transcripts of public hearings; and
- Issuance and availability of Statements and Interpretations.

Further, the FASB's Rules of Procedure require that the following documents, among others, be included in the FASB's public record and be made available for public inspection at the FASB's offices in Stamford, Connecticut:

Written research data (other than proprietary information and confidential, private statistical data and related explanatory text) and summaries of such data, and Discussion Memoranda and background and other materials for public hearings;

Outlines of proposed oral presentations at public hearings;

Written comments and position papers submitted to the FASB (other than confidential, private statistical data and related explanatory text);

Written comments of members of the Advisory Council to the FASB;

Transcripts of public hearings;

The votes and comments of members of the FASB on the issuance of Statements and Interpretations;

Minutes of the meetings of the Foundation, the FASB and the Advisory Council; and

The annual reports of the Foundation and the Chairman of the FASB.

B. Liaison with Other Organizations

Since its formation, the FASB has maintained active liaison with others, in both the public and private sectors, concerned with financial accounting and reporting. The FASB maintains continuing channels of communication with governmental bodies, such as the Securities and Exchange Commission and the Cost Accounting Standards Board.

With respect to the Securities and Exchange Commission, the Commission's Acting Chief Accountant attends meetings of the Advisory Council and members of the Commission's accounting staff regularly attend meetings of the Screening Committee on Emerging Problems and the FASB's task forces, as well as the FASB's public hearings. FASB staff members regularly attend meetings of the Commission's Advisory Committee on Corporate Disclosure and its Replacement Cost Advisory Committee.

In another area, staff representatives of one Congressional committee and several agencies of the Federal Government, including the General Accounting Office and the Cost Accounting Standards Board, attended task force meetings on the Board's project, "Financial Accounting and Reporting in the Extractive Industries". The Comptroller General of the United States, a member of the Cost Accounting Standards Board, and the Director, Bureau of Accounts, Interstate Commerce Commission, are currently serving as members of the FASB's Advisory Council. An FASB senior staff member has attended meetings of the Treasury Department's Advisory Committee on Federal Consolidated Financial Statements.

C. FASB Staff and Budget

At March 31, 1977, the FASB's full-time salaried staff consisted of 79 technical, administrative and clerical personnel. Additionally, the FASB had task force consultants and part-time technical staff members assigned to various of its technical projects.

The FAF/FASB's annual expenditures were \$2,277,000 in 1973, \$3,212,000 in 1974, \$3,514,000 in 1975, and \$4,199,000 in 1976. At the present time the estimated budget for 1977 is approximately \$4,996,000.

The FAF/FASB's budget is financed from essentially three sources: charitable contributions (including associate membership dues), revenues from the sale of its accounting pronouncements and royalties for reprint rights, and interest on investments.

Of aggregate revenues of \$5,464,000 in 1976, contributions (including associate member dues) accounted for \$4,007,000, publications and royalties accounted for \$1,125,000 and interest income accounted for the balance of \$332,000. At March 15, 1977, the FASB had approximately 2,550 associate members, 13,800 regular subscribers to its various publications and 9,041 additional names on its mailing list.

III. FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL

The 1972 Report of the Wheat Study Group concluded that the work of the FASB would be benefited by the participation of knowledgeable individuals and persons with complementary or other skills relevant to financial accounting and reporting. The FASB's Advisory Council, or FASAC, provides this additional dimension, in the words of the Wheat Study Group, as the FASB's "permanent instrument for maintaining contact with the business and professional world."

The only qualification for membership on the Advisory Council is the capacity and willingness of an individual to make a contribution to the FASB's work. Accordingly, the Foundation's current By-Laws provide that membership on the Advisory Council is personal to the individuals appointed and, while members may consult with advisors on technical matters, no member may delegate his function as a FASAC member to another. Council members serve without compensation and are appointed for terms of one year, and may be reappointed for additional terms. The Advisory Council has at least 20 members, which at any particular time may vary upwards as the needs of the FASB change. The current Advisory Council has 29 members, including the Chairman of the FASB, and the Chief Accountant of the SEC regularly attends meetings as an observer. (The current members of FASAC are listed below in Part IV of this Exhibit.) Consistent with the personal nature of membership, the Advisory Council does not vote or otherwise act officially as a body.

As the Advisory Council is the FASB's formal liaison with the business and professional world, the Foundation's By-Laws provide that members of the Advisory Council will consult with the Board concerning its agenda of projects and the assignment of priorities, the selection and organization of task forces, and such other matters as may be requested. The FASB is required to submit proposed Interpretations to members of the Advisory Council for their comments at least 15 days prior to final adoption by the FASB, and members of the Advisory Council may also be asked to review other proposed pronouncements and to provide comments and other input on technical matters to the Board. The recent report of the FAF Trustees' Structure Committee makes several recommendations designed to increase the participation and effectiveness of the Advisory Council in the FASB's technical processes.

It would be impossible as a practical matter to impose restrictions as to financial interests and positions held by members of the Advisory Council and still attract individuals with that level of competence and diversity of expertise providing maximum support to the FASB. This becomes apparent when one considers that among those serving on the Advisory Council at varying times during the last four years have been:

- independent public accountants
- accounting educators
- attorneys

- financial analysts
- investment bankers
- commercial bankers
- financial and accounting executives
- the Comptroller General of the United States
- the former Chairman of the Board of Governors of the Federal Reserve System
- the Assistant Comptroller General of the United States
- former Commissioners of the SEC
- a director of the U.S. General Services Administration
- a former Chief Accountant of the SEC
- the Director of Bureau of Accounts, Interstate Commerce Commission
- the Chairman of the New York Stock Exchange
- the Chairman of the American Stock Exchange
- members of the Federal Government's Cost Accounting Standards Board
- the Chairman of the New York Municipal Assistance Corporation

IV. PERSONNEL

MEMBERS FINANCIAL ACCOUNTING STANDARDS BOARD (with immediate former affiliations)

	<u>Term Expires</u>
Marshall S. Armstrong, Chairman (formerly Managing Partner, Geo. S. Olive & Co.)	1979*
Robert T. Sprouse, Vice Chairman (formerly Professor of Accounting, Graduate School of Business, Stanford University)	1980
Oscar S. Gellein (retired Partner, Haskins & Sells)	1980
Donald J. Kirk (formerly Partner, Price Waterhouse & Co.)	1981
Arthur L. Litke (formerly Chief, Office of Accounting and Finance, Federal Power Commission)	1977
Robert E. Mays (retired Controller, Exxon Corporation)	1977
Ralph E. Walters (formerly Partner, Touche Ross & Co.)	1978

* Mr. Armstrong has announced plans to step down as Chairman, effective December 31, 1977, to devote his full time, as Chairman Emeritus, to the Foundation.

TRUSTEES
FINANCIAL ACCOUNTING FOUNDATION

	<u>Term Expires</u>
John C. Biegler, President of the Foundation Senior Partner Price Waterhouse & Co.	1978
Michael N. Chetkovich, Managing Partner Haskins & Sells	1977
Daniel F. Crowley, Executive Vice President—Finance McGraw-Hill, Inc.	1979
James Don Edwards, Secretary of the Foundation J. M. Tull Professor of Accounting Department of Accounting and Business Law College of Business Administration The University of Georgia	1977
J. O. Edwards, Controller Exxon Company, U.S.A.	1977
Ralph E. Kent, Senior Partner Arthur Young & Company	1977
Russell E. Palmer, Managing Partner and Chief Executive Officer Touche Ross & Co.	1979
Stanley J. Scott, Managing Partner Alford, Meroney & Company	1978
Walter P. Stern, Treasurer of the Foundation Senior Vice President and Director Capital Research Company	1978
Alva O. Way, Vice President of the Foundation Vice President—Finance General Electric Company	1979
John C. Whitehead, Senior Partner Goldman, Sachs & Co.	1979

MEMBERS
FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL
(all terms expire December 31, 1977)

Marshall S. Armstrong, Chairman
Chairman, Financial Accounting Standards Board

Norton M. Bedford, Arthur Young Distinguished Professor
and Head of the Department of Accountancy
University of Illinois

William E. Buxbaum, Comptroller
E. I. du Pont de Nemours & Co.

George R. Catlett, Senior Partner
Arthur Andersen & Co.

Joseph P. Cummings, Deputy Senior Partner
Peat, Marwick, Mitchell & Co.

Frank Forester, Jr., Executive Vice President
Morgan Guaranty Trust Company of New York

Charles G. Gillette, Partner
Arthur Young & Company

John A. Grady, Director of Bureau of Accounts
Interstate Commerce Commission

Charles C. Hornbostel, President
Financial Executives Institute

Charles T. Horngren, Edmund W. Littlefield Professor
Graduate School of Business
Stanford University

James J. Kerley, Executive Vice President
Monsanto Company

Allan Kramer, General Counsel
Haskins & Sells

Irving B. Kroll, Managing Partner
Kenneth Leventhal and Company

Raymond C. Lauver, Partner
Price Waterhouse & Co.

Theodore R. Lilley, President,
Financial Analysts Federation

Archie M. Long, Comptroller
General Motors Corporation

Robert A. Malin, Senior Vice President and Director
The First Boston Corporation

Robert K. Mautz, Partner
Ernst & Ernst

Charles T. McGarraugh, Senior Vice President
Northwest Bancorporation

James W. Nethercott, Senior Vice President and Secretary
The Proctor & Gamble Company

William C. Norby, Senior Vice President
Duff and Phelps, Inc.

David Norr, Partner
First Manhattan Company

Ezra Solomon, Dean Witter Professor of Finance
Graduate School of Business
Stanford University

Elmer B. Staats, Comptroller General of the United States

Robert B. Sweeney, Professor and Chairman
Accounting and Information Systems Programs
University of Alabama

Robert C. Thompson, Vice President, Finance
Shell Oil Company

Charles A. Werner, Assistant National
Managing Partner—Technical
Alexander Grant & Company

Francis M. Wheat, Partner
Gibson, Dunn & Crutcher

John A. Willis, Assistant Vice President
Union Carbide Corporation

Observer

A. Clarence Sampson, Acting Chief Accountant
Securities and Exchange Commission

MEMBERS

SCREENING COMMITTEE ON EMERGING PROBLEMS

Martin V. Alonzo, Vice President—Controller
AMAX Inc.

James H. Combes, Vice President—Finance
Hertz Corp.

William H. Conkling, Jr., Partner
Hurdman and Cranstoun

Robert S. Kay, Partner
Touche Ross & Co.

Raymond C. Lauver, Partner
Price Waterhouse & Co.

Robert A. Malin, Senior Vice President and Director
The First Boston Corporation

Robert K. Mautz, Partner
Ernst & Ernst

Professor Carl L. Nelson, Graduate School of Business
Columbia University

David Norr, Partner
First Manhattan Company

Frank J. Tanzola, Senior Vice President
and Corporate Controller
U.S. Industries, Inc.

George Vogt, Partner
Peat, Marwick, Mitchell & Co.

Charles A. Werner, Partner
Alexander Grant & Co.

Arthur R. Wyatt, Partner
Arthur Andersen & Co.

FASB Representatives

Donald J. Kirk, Board Member (Committee Chairman)
J. T. Ball, Director of Emerging Problems

Observer

A. Clarence Sampson, Acting Chief Accountant
Securities and Exchange Commission

MEMBERS FINANCIAL ACCOUNTING STANDARDS BOARD TASK FORCES (Since 1973)

<u>Name</u>	<u>Affiliation at Time of Appointment to Task Force</u>	<u>Task Force</u>
Paul M. Albert, Jr.	Morgan Stanley & Co. Incorporated	Interim Financial Reporting
Martin V. Alonzo	AMAX, Inc.	Interest Costs Extractive Industries
M. L. Alper	International Telephone & Telegraph Corporation	Contingencies
Loren Alter	Allstate Insurance Companies	Contingencies
Peter L. Anker	Smith, Barney & Co.	Extractive Industries
Robert N. Anthony	Harvard University	Conceptual Framework
Hector R. Anton	Haskins & Sells	Debtors and Creditors
Kenneth S. Axelson	J. C. Penney Company, Inc.	Leases
William J. Badecker	Hurdman and Cranstoun	Segments
David A. Baker	Boston Company, Inc.	Leases
Andrew Barr	American Institute of CPA's	Materiality
Preston C. Basset	Towers, Perrin, Forster & Crosby, Inc.	Employee Benefit Plans Cost of Pension Plans
William H. Beaver	Stanford University	Materiality
Norton M. Bedford	University of Illinois	R&D and Similar Costs
George S. Bissell	Massachusetts Financial Services, Inc.	Materiality

<u>Name</u>	<u>Affiliation at Time of Appointment to Task Force</u>	<u>Task Force</u>
Dean M. Bloyd	Tesoro Petroleum Corporation	Extractive Industries
John F. Bogaard	Internal Revenue Service	Business Combinations
Horace Brock	North Texas State University	Extractive Industries
R. Gene Brown	Berkeley Bio-Engineering Co.	Materiality
Victor H. Brown	Standard Oil Company (Indiana)	Business Combinations Extractive Industries
Dudley E. Browne	Lockheed Aircraft	R&D and Similar Costs
George N. Buffington	National Assoc. of Real Estate Investment Trusts, Inc.	Debtors and Creditors
Carl B. Burger	Geo. S. Olive & Co.	Business Combinations
George R. Catlett	Arthur Andersen & Co.	Conceptual Framework
John S. Chalsty	Donaldson, Lufkin & Jenrette, Inc.	Extractive Industries
Edwin Clemens	Forest Oil Corporation	Extractive Industries
Wayland Coe	U.S. Department of Labor	Employee Benefit Plans
Harold Cohan	S. D. Leidesdorf & Co.	Debtors and Creditors
Gordon R. Corey	Commonwealth Edison Company	Contingencies
Putnam L. Crafts, Jr.	Studebaker-Worthington, Inc.	Business Combinations
Allan C. Crane	A. O. Smith Corporation	Interim Financial Reporting
James H. Crowley	The Aetna Life & Casualty Co.	Contingencies
Joseph Cummings	Peat, Marwick, Mitchell & Co.	Foreign Currency Translation
Bernard F. Curry	Morgan Guaranty Trust Co.	Employee Benefit Plans
Clement H. Darby	Builders Investment Group	Debtors and Creditors
Sidney Davidson	University of Chicago	Leases
Robert S. Davis	St. Paul Companies, Inc.	Materiality
Philip Defliese	Coopers & Lybrand	Conceptual Framework
John S. deGraffenried	Merrill Lynch, Pierce, Fenner & Smith Inc.	Debtors and Creditors
Gary L. Depolo	Transamerica Corporation	Interest Costs
Marvin Deupree	Arthur Andersen & Co.	Foreign Currency Translation
Bernard R. Doyle	General Electric Company	Cost of Pension Plans
Alan W. Drew	Peabody Galion Corporation	Segments
Robert C. Drummond	Mobil Oil Corporation	Extractive Industries
Robert W. Ehrlich	American Telephone & Telegraph Corporation	Cost of Pension Plans
Robert G. Ellis	Motorola, Inc.	Cost of Pension Plans
Robert W. Farrell	Bache & Co., Inc.	R&D and Similar Costs
Robert E. Field	Price Waterhouse & Co.	Extractive Industries
Edward P. Fischer	Mobil Oil Corporation	Foreign Currency Translation
Frank Forester	Morgan Guaranty Trust Company of New York	Foreign Currency Translation

<u>Name</u>	<u>Affiliation at Time of Appointment to Task Force</u>	<u>Task Force</u>
William C. Foster	New York Stock Exchange	Segments
Anthony Fox	Connecticut General Life Insurance Company	Debtors and Creditors
Tilford C. Gaines	Manufacturers Hanover Trust Co.	Materiality
Oscar S. Gellein	Haskins & Sells	R&D and Similar Costs
Martin S. Gerstel	Alza Corporation	R&D and Similar Costs
Robert B. Gilmore	DeGoyler & MacNaughton	Extractive Industries
J. Spencer Gould	Arthur Young & Company	Segments
John A. Grady	Interstate Commerce Commission	R&D and Similar Costs
Clyde H. Graves	American Mutual Insurance Alliance	Contingencies
David O. Green	University of Chicago	Interim Financial Reporting
F. William Gridley	Chrysler Corporation	R&D and Similar Costs
Ray J. Groves	Ernst & Ernst	Business Combinations
Harvey V. Guttry, Jr.	The Times Mirror Company	Business Combinations
Joseph W. Halliday	White & Case	Debtors and Creditors
A. Phillip Hanmer	The Dow Chemical Company	Contingencies
John E. Hart	Coopers & Lybrand	Contingencies
Donald J. Hayes	Arthur Young & Company	Interest Costs
Ernest L. Hicks	Arthur Young & Company	Cost of Pension Plans
Thomas L. Holton	Peat, Marwick, Mitchell & Co.	Materiality
A. Charles Howell	John Hancock Mutual Life Insurance Co.	Cost of Pension Plans
Stanley M. Hunt	General Mills, Inc.	Segments
John W. Ingraham	Citicorp, N.A.	Conceptual Framework
Robert O. Isban	Manufacturers Hanover Trust Co.	Interest Costs Debtors and Creditors
Ernest C. Janson, Jr.	Coopers & Lybrand	Extractive Industries
Robert J. Joedicke	Kuhn, Loeb & Co.	Debtors and Creditors
Kenneth P. Johnson	Coopers & Lybrand	Business Combinations Interest Costs
Orace Johnson	Ohio State University	R&D and Similar Costs
Robert S. Kay	Touche Ross & Co.	Business Combinations Interest Costs
Paul J. Kelsey	The Pillsbury Company	Interim Financial Reporting
Jack F. Kincannon	Sears, Roebuck and Co.	Interest Costs
Alfred M. King	American Appraisal Associates Incorporated	Conceptual Framework
Harold Q. Langenderfer	University of North Carolina	Business Combinations
Irving S. Lauterbach	Clarence Rainess & Co.	Contingencies

<u>Name</u>	<u>Affiliation at Time of Appointment to Task Force</u>	<u>Task Force</u>
Raymond C. Lauver	Price Waterhouse & Co.	R&D and Similar Costs Cost of Pension Plans
Robert E. Leech	A. M. Pullen & Company	R&D and Similar Costs
J. Spencer Letts	Teledyne, Inc.	Business Combinations
Theodore R. Lilley	Financial Analysts Federation	Employee Benefit Plans Cost of Pension Plans
Peter C. Lincoln	United States Steel and Carnegie Pension Fund, Inc.	Debtors and Creditors
Leonard Lorensen	American Institute of CPA's	Foreign Currency Translation
Norman J. Luke	Pennzoil Company	Extractive Industries
Oral L. Luper	Exxon Company, U.S.A.	Conceptual Framework
W. Fletcher Lutz	Alexander Grant & Company	Leases
Robert A. Malin	The First Boston Corporation	Business Combinations
John W. March	Arthur Andersen & Co.	R&D and Similar Costs
Edward R. Marshall	Honeywell Inc.	Segments
William McChesney Martin	Retired	Foreign Currency Translation
Randal B. McDonald	Arthur Andersen & Co.	Extractive Industries
Robert K. Mautz	Ernst & Ernst	Conceptual Framework
Maurice H. Mayo	General Electric Company	Segments
Charles T. McGarraugh	Northwest Bancorporation	Materiality
Dan McGill	University of Pennsylvania	Employee Benefit Plans Cost of Pension Plans
C. Edward Midgley	Kidder Peabody & Co., Inc.	Leases
Eugene J. Minahan	Atlantic Richfield Company	Materiality
Francis Mlynarczyk, Jr.	Citibank, N.A.	Interest Costs
Charles H. Montgomery	First National Bank of Chicago and First Chicago Corporation	Debtors and Creditors
Robert A. Morgan	Caterpillar Tractor Co.	R&D and Similar Costs Interim Financial Reporting
T. Lincoln Morison, Jr.	First National Bank of Boston	R&D and Similar Costs
Everett L. Morris	Public Service Electric & Gas Co.	Interest Costs
Gerhard G. Mueller	University of Washington	Foreign Currency Translation
Robert B. Murray	Eastman Kodak Company	Segments
Robert D. Neary	Ernst & Ernst	Interim Financial Reporting
James W. Needham	White, Weld & Co.	Conceptual Framework
Carl L. Nelson	Columbia University	Contingencies Debtors and Creditors
Theodore J. Newton, Jr.	Blyth Eastman Dillon & Co., Inc.	Contingencies
William B. Nicol	Meaden & Moore	Materiality

<u>Name</u>	<u>Affiliation at Time of Appointment to Task Force</u>	<u>Task Force</u>
Edmund R. Noonan	Peat, Marwick, Mitchell & Co.	Leases Debtors and Creditors
William C. Norby	Duff and Phelps, Inc.	Segments
Richard E. Nordquest	Harsco Corporation	Cost of Pension Plans
David Norr	First Manhattan Company	R&D and Similar Costs Extractive Industries
Robert A. Orban	NCR Corporation	Interest Costs
John W. Ostrem	Household Finance Corporation	Interest Costs
C. Reed Parker	Duff and Phelps, Inc.	Business Combinations
Russell Parker	Federal Trade Commission	Segments
R. MacDonald Parkinson	Clarkson, Gordon & Co.	Foreign Currency Translation
Louis G. Peloubet	Textron, Inc.	Segments
Raymond E. Perry	Touche Ross & Co.	Cost of Pension Plans
William E. Pike	Morgan Guaranty Trust Co. of New York	Leases
Charles W. Plum	The Standard Oil Company (Ohio)	Segments
Richard M. Pollard	Touche Ross & Co.	Extractive Industries
Stanley P. Porter	Arthur Young & Company	Extractive Industries
Claude Poulin	UAW Social Security Department	Employee Benefit Plans
Henry A. Quinn	Peat, Marwick, Mitchell & Co.	Interim Financial Reporting
Alfred Rappaport	Northwestern University	Segments
Donald G. Reed	Booz, Allen Acquisition Services, Inc.	Business Combinations
W. Rowland Reed	Continental Oil Company	Extractive Industries
Leonard G. Reichhard, Jr.	Union Service Corp.	Contingencies
Robert Rennie	Touche Ross & Co.	Segments
Frank C. Roberts	Eaton Corporation	Segments
Robert B. Rothermel	Touche Ross & Co.	Interim Financial Reporting
Frank E. Russell	Indianapolis Newspapers, Inc.	Materiality
Leonard Savoie	Clark Equipment Company	Interim Financial Reporting
Edwin A. Schoenborn	Irving Trust Company	Interest Costs Debtors and Creditors
Charles W. Scott	Ernst & Ernst	Debtors and Creditors
Lee J. Seidler	New York University	Foreign Currency Translation
Gerald E. Sherrod	Citibank, N.A.	Extractive Industries
Gordon Shillinglaw	Columbia University	Segments
Charles J. Simons	Eastern Airlines, Inc.	Debtors and Creditors
Bracy Smith	U.S. Steel Corporation	Interest Costs

<u>Name</u>	<u>Affiliation at Time of Appointment to Task Force</u>	<u>Task Force</u>
Dan Throop Smith	Hoover Institution on War, Revolution & Peace	Foreign Currency Translation
George J. Staubus	University of California	Contingencies
Joseph L. Stebick	Robertshaw Controls Company	R&D and Similar Costs
Walter P. Stern	Capital Research Company	Materiality
Frances G. Stone	Merrill Lynch, Pierce, Fenner & Smith Inc.	Foreign Currency Translation
Kenneth W. Stringer	Haskins & Sells	Materiality
E. Palmer Tang	Touche Ross & Co.	R&D and Similar Costs
Frank J. Tanzola	U.S. Industries, Inc.	Interim Financial Reporting
Richard F. Tharp	Fireman's Fund Insurance Co.	Contingencies
Robert C. Thompson	Shell Oil Company	Employee Benefit Plans Cost of Pension Plans
Carl Tietjen	Price Waterhouse & Co.	Conceptual Framework
Harry Van Benschoten	Newmont Mining Corporation	Extractive Industries
J. V. van Pelt III	Retired, formerly with Vulcan Materials Company	Contingencies
Joseph Van Vleck III	Travelers Insurance Companies	Materiality
George Vogt	Peat, Marwick, Mitchell & Co.	Employee Benefit Plans Cost of Pension Plans
Brooks Walker, Jr.	United States Leasing International, Inc.	Leases
Richard Walker	Arthur Andersen & Co.	Interest Costs
Randolph H. Waterfield	Arthur Young & Company	Contingencies
George C. Watt	Price Waterhouse & Co.	Foreign Currency Translation Leases
Allan Wear	Ford Motor Company	Foreign Currency Translation
Glenn Welsch	The University of Texas at Austin	Interest Costs
Francis M. Wheat	Gibson, Dunn & Crutcher	Materiality
Clifford H. Whitcomb	Prudential Insurance Company of America	Employee Benefit Plans
Gerald I. White	Sterling Grace & Company	Interim Financial Reporting
Robert Whitman	American Electric Power Co., Inc.	Leases
John A. Willis	Union Carbide Corporation	Foreign Currency Translation
Arthur Wyatt	Arthur Andersen & Co.	Leases Interim Financial Reporting
James Zid	Ernst & Ernst	Employee Benefit Plans
Charles T. Zlatkovich	The University of Texas at Austin	Conceptual Framework
Charles L. Zody	Exxon Company, U.S.A.	Interest Costs
Alvin Zuckerkorn	J. K. Lasser & Co.	Contingencies

**FASB TECHNICAL CONSULTANTS
(Since 1973)**

<u>Name</u>	<u>Affiliation</u>	<u>Assignment</u>
Horace Brock	North Texas State University	Chairman of the task force dealing with financial accounting and reporting in the extractive industries.
Joe J. Cramer	Pennsylvania State University	Technical writer on the discussion memorandum on accounting and reporting for employee benefit plans, and the exposure draft on financial reporting in units of general purchasing power.
Bruce Collier	Oklahoma State University	Technical writer on the discussion memorandum on accounting for research and development and similar costs.
Michael Crooch	Oklahoma State University	Technical writer on the discussion memorandum on accounting for research and development and similar costs.
Thomas Dyckman	Cornell University	Consultant on the design and use of research and testing methods.
James Grier	Peat, Marwick, Mitchell & Co.	Consultant on the project on accounting for income taxes—oil and gas producing companies.
Vincent Hennessy	Haskins & Sells	Technical writer on the exposure draft on accounting for employee benefit plans.
Stephen Stewart	Retired Principal, Coopers & Lybrand	Technical consultant on accounting for employee benefit plans.
Curtis Youngdahl	Retired Partner, Haskins & Sells	Researcher and writer on the discussion memorandum on criteria for determining materiality.
John Hanna	McMaster University	Consultant on field test research report on general purchasing power accounting.
Carl Nelson	Columbia University	Technical consultant on discussion memoranda on interim financial reporting and financial accounting and reporting in the extractive industries.
Edward McEnerney	Hurdman and Cranstoun	Editorial consultant on the discussion memoranda on interim financial accounting and reporting with the extractive industries.