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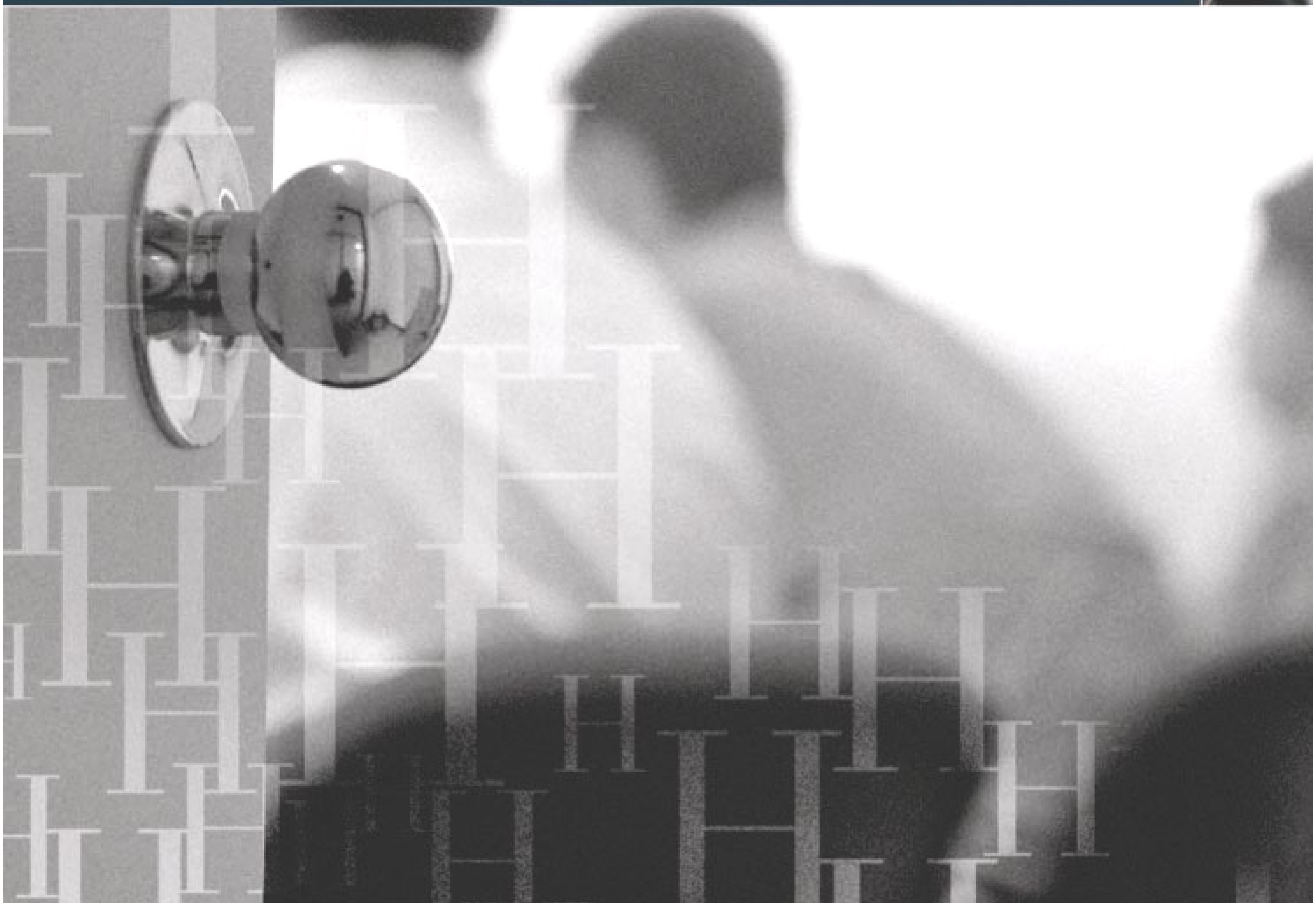

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SEC Roadmap for the Potential Use of IFRS by U.S. Issuers

Executive Overview

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In August of 2008, the Securities and Exchange Commission (SEC) created a proposed "roadmap" for the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) for U.S. public company filings. Also, in November of 2008 the SEC published a very detailed roadmap with key activities and timelines that are intended to support a single set of high-quality global accounting standards as a means to enhance comparability. The SEC believes it to be in the public interest and protection of investors to implement IFRS accounting standards. This roadmap sets forth several "milestones" that if achieved, could lead to the mandatory use of IFRS by all U.S. filers. If these milestones are satisfactorily achieved by 2011, the SEC would then consider a decision to phase in requirements for all U.S. public companies to file financial statements using IFRS, as issued by the International Accounting Standards Board (IASB), beginning for years ending on or after December 15, 2014*.

*Some U.S. issuers that are among the twenty largest companies worldwide in their industry, as measured by market capitalization, could become an "early adopter" in 2009 via application with the SEC. It's estimated there are approximately 110 issuers in this category.

Milestones to be Achieved Leading to the Use of IFRS by U.S. Issuers

Under the proposal the SEC would initially monitor progress towards four of seven identified milestones through 2011. If the SEC believes these four are achieved by 2011, it would consider whether IFRS as issued by the IASB would enable U.S. investors to better compare financial information of U.S. issuers and competing international investment opportunities.

The four milestones that would be monitored by the SEC between now and 2011 are:

1. *Improvements in IFRS Accounting Standards*. In October 2002, the FASB and the IASB announced the issuance of a memorandum of understanding known as the Norwalk Agreement. Under this agreement the two bodies acknowledged the need for a set of high-quality, compatible accounting standards for both U.S. and international financial reporting. The proposal urges the FASB and IASB to continue working toward the completion of their joint work plan estimated to be completed in 2011, with a goal of a common set of high-quality global standards. The IASB would have to continue to improve IFRS through its independent standard setting as well as its convergence work with the FASB as per the Norwalk Agreement. The SEC will assess whether the IASB has continued to develop, including converged standards, a robust process whereby accounting standards are established independently, that considers alternative approaches, reflecting emerging accounting issues, changing business practices, capable of improving accuracy and effectiveness of financial reporting while protecting investors.

2. *Accountability and Funding of the IASC (International Accounting Standards Committee) Foundation*. The Trustees of the IASC Foundation appoint members of the IASB, and are responsible for it's funding, and oversee its standard-setting activities. The SEC will consider the degree to which the IASC Foundation has a secure, stable funding mechanism that allows the IASB to function independently as well as enhancing its standard setting process. In addition, the SEC would consider how effective monitoring of the IASC Foundation is by securities authorities similar to the SEC.

3. *Improvement in the ability to use Interactive Data for IFRS Reporting*. In May 2008 the SEC proposed rules that would require public companies to provide financial information formatted in the XBRL computer language in order to improve their usefulness to investors. It is expected that U.S. issuers will also have to provide IFRS financial statements to the SEC in an interactive format such as XBRL.

4. *Education and Training*. There will be a significant investment in training of investors, accountants, auditors, audit committees, specialists (such as actuaries and valuation professionals), and regulators as to the differences between U.S. GAAP and IFRS. Colleges and universities would need to include IFRS in their curricula. The CPA exam and other relevant professional exams would need to cover IFRS as part of theirs uniform exams. The SEC would take into account the status of overall education and training and the readiness of investors, preparers, auditors and etc. prior to proceeding with rulemaking on IFRS for all U.S. issuers.

There are three remaining milestones, as noted below, that are part of the roadmap, but are not among the milestones to be assessed by the SEC's decision making activity in 2011. They are additional required efforts and goals as determined by the SEC and the remaining three items are as follows:

5. *Limited Early use of IFRS Where it would Enhance Comparability for U.S. investors*. As part of the roadmap, the SEC is proposing to allow a limited number of U.S. issuers to file IFRS financial statements in 2009 prior to any mandated use of IFRS in SEC filings. The SEC would allow the limited early use of IFRS by U.S. issuers where it would enhance the comparability of financial reporting to U.S. investors by comparing the largest U.S. issuers with the largest non-U.S. companies in the same industry. The SEC anticipates that providing an alternative to U.S. issuers to file IFRS financial statements early would broaden the awareness and attention around IFRS as well as provide additional input, evaluation and comments regarding the future use of IFRS.

6. *Anticipated Timing of Future Rulemaking by The SEC in 2011*. Assuming satisfactory achievement of the first four milestones, the SEC would determine in 2011, whether to proceed with requiring U.S. issuers to proceed with filing financial statements in accordance with IFRS using a phased approach beginning in 2014. The SEC will direct the Office of the Chief Accountant with providing appropriate consultation to assist the SEC with its decision making.

7. *Implementation of the Mandatory Use of IFRS*. The proposal states that the SEC is considering an approach that would phase in requirements for the implementation of IFRS over a three-year period, beginning with the largest companies for fiscal years ending on or after December 15, 2014. The phased in approach would be as follows:
    - Large accelerated filers for fiscal years ending on or after December 15, 2014;
    - Accelerated filers for fiscal years ending on or after December 15, 2015; and
    - Non-accelerated filers for fiscal years ending on or after December 15, 2016**.

    **Note: Private companies may be expected to follow after 2016 due to market dynamics, other regulators trying to obtain consistency and U.S. GAAP no longer supported or maintained.

    The phased in implementation would require three years of audited IFRS financials, including internal accounting controls in accordance with PCAOB audit standards, and this would include two years of comparative data as well as the year of conversion, e.g. for a large accelerated filer on a calendar year-end would include the year of conversion or December 31, 2014, as well as comparative statements for years ending December 31, 2013 and 2012.

IFRS 1 provides guidance to companies preparing their first set of IFRS financial statements. It requires each company to restate their opening balance sheet by recognizing assets and liabilities in accordance with IFRS and derecognizing assets and liabilities not in accordance with IFRS. Companies are then to disclose in the footnotes an audited one – time reconciliation from U.S. GAAP to IFRS of its equity at the date of transition, e.g. January 1, 2012 for large accelerated filers. IFRS 1 also requires each company to provide a U.S. GAAP to IFRS reconciliation of its total comprehensive income for the latest period in the most recent annual financial statements.

Note: The SEC is proposing two alternative disclosure approaches for the implementation of IFRS 1 for those Companies applying for early adoptions in 2009; the SEC plans to evaluate alternative approaches.