

Navigating the Uncharted Waters of Lease Accounting's Ripple Effects

With the release of its long-awaited changes to accounting for leases, the Financial Accounting Standards Board (FASB) plunged all U.S. businesses into the uncharted waters of having to account for operating leases on balance sheets. This sweeping change means that companies must swim fast to create new procedures (or modify existing processes) for collecting data and reporting on these leased assets.



Impact on large and public entities

between 1,000 and 10,000

The number of pieces of equipment leased by the average Fortune 500 company.

\$1.25 trillion

2005 SEC estimate of public-company cash obligations under operating leases that were not recognized on issuer balance sheets.

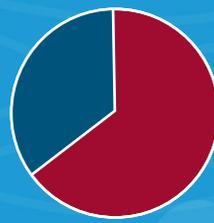
Leases: Life Preserver or Anchor?

65%

of companies do not expect the new lease accounting standard to force changes on current leasing portfolios.

Leases will be _____ for my company's growth over the next two years.

35%
Minor, not important, or not sure



65%
Critical or important

26%

of companies believe the new standard will make leasing a less attractive financing option.

"The new standard makes leasing *less attractive* than it is today due to the complexity and work required by the new standard."

– Head of finance, mid-sized life sciences company

Implementation Will Strain Resources

75% of finance executives at Fortune 1000 companies expect the level of effort required to implement and comply with the new lease accounting standards will be "slightly painful" or "pretty painful." Almost 10% expected it to be "extremely painful," and 3% compared it to root canal surgery.

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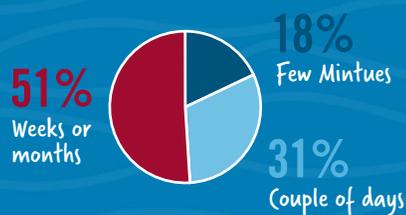


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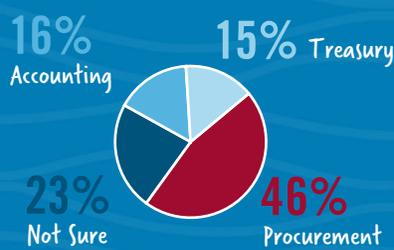


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How long would it take you to determine the total number of equipment leases your company has?



Who in your organization is responsible for the success of your equipment leasing program?



In what format do you store and track your lease records?

