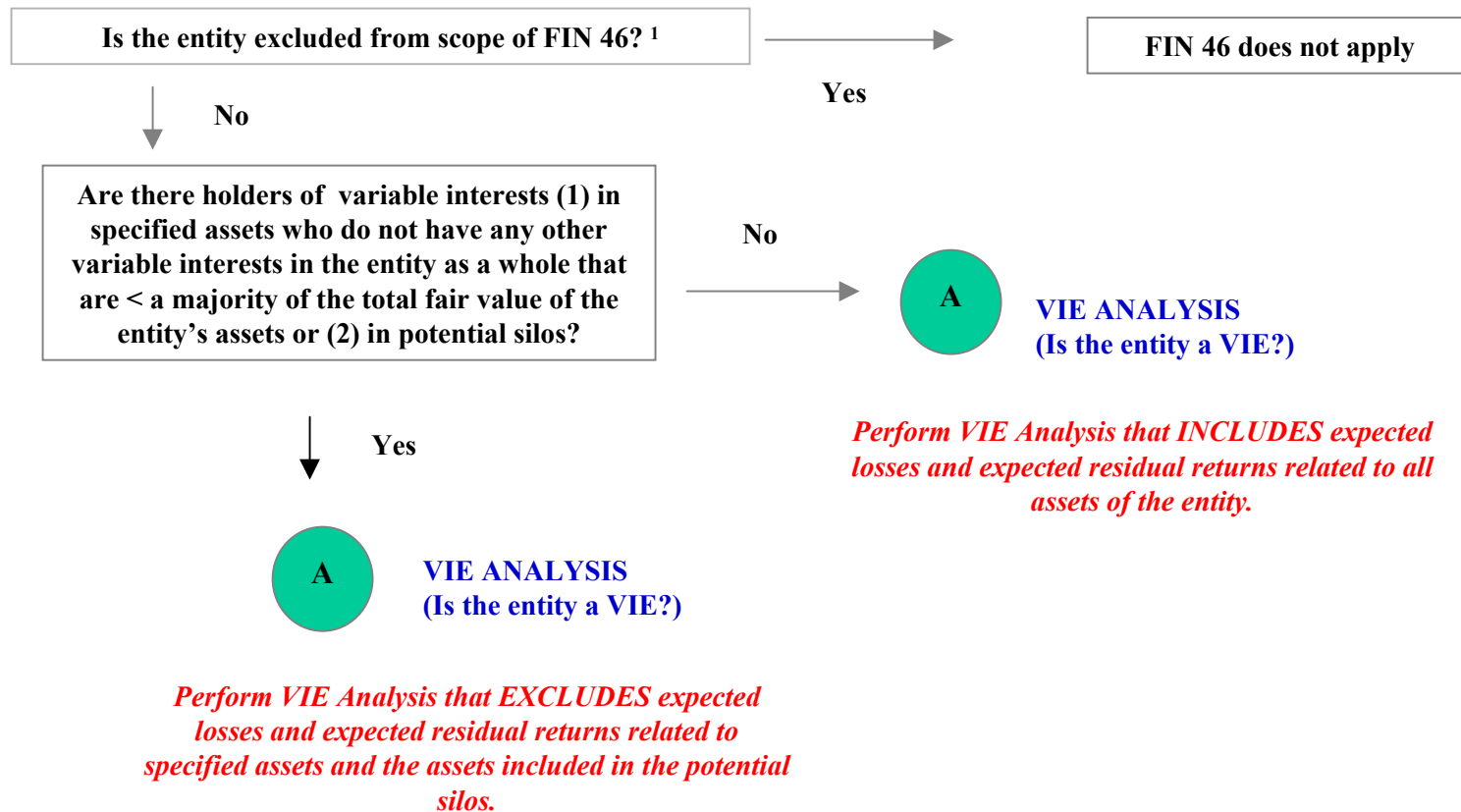
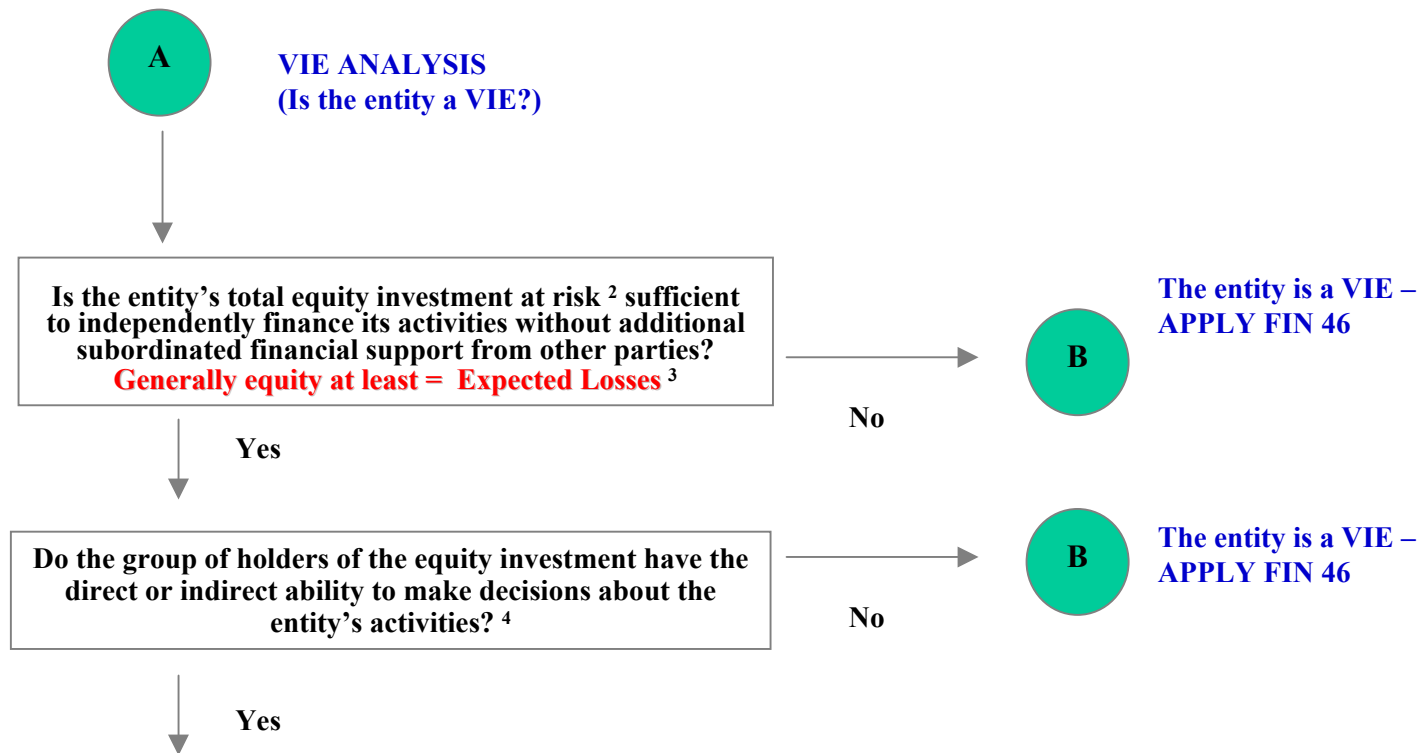


Scope of Interpretation



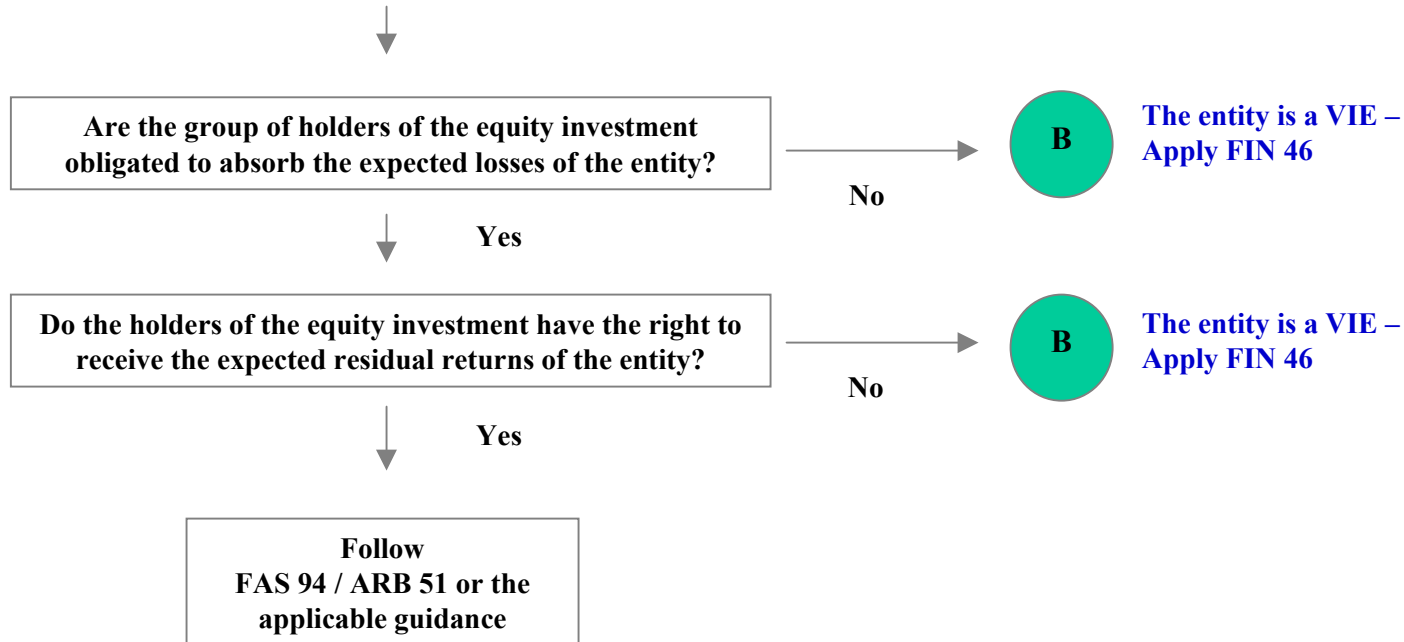
Scope of Interpretation

VIE Analysis

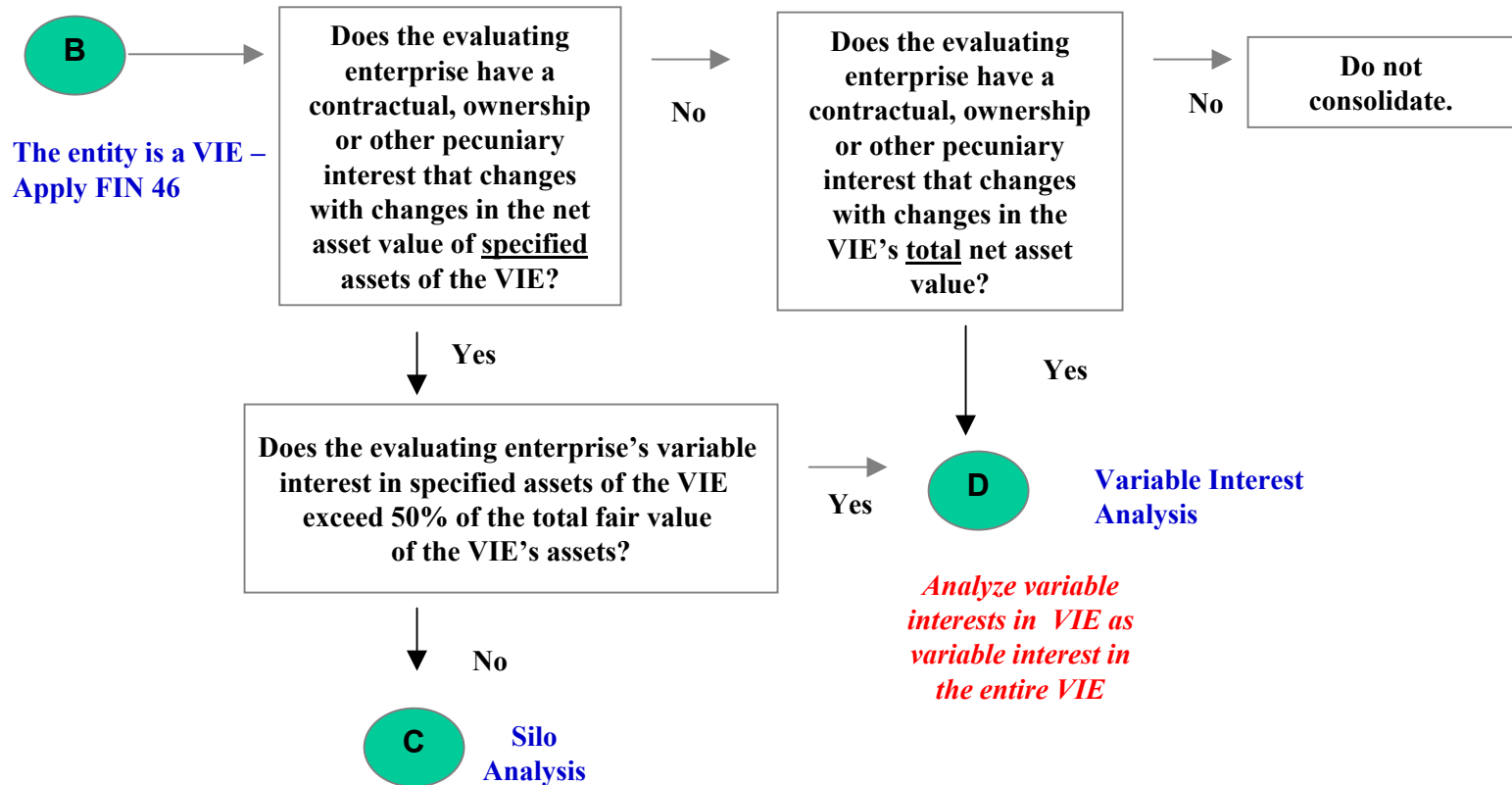


Scope of Interpretation

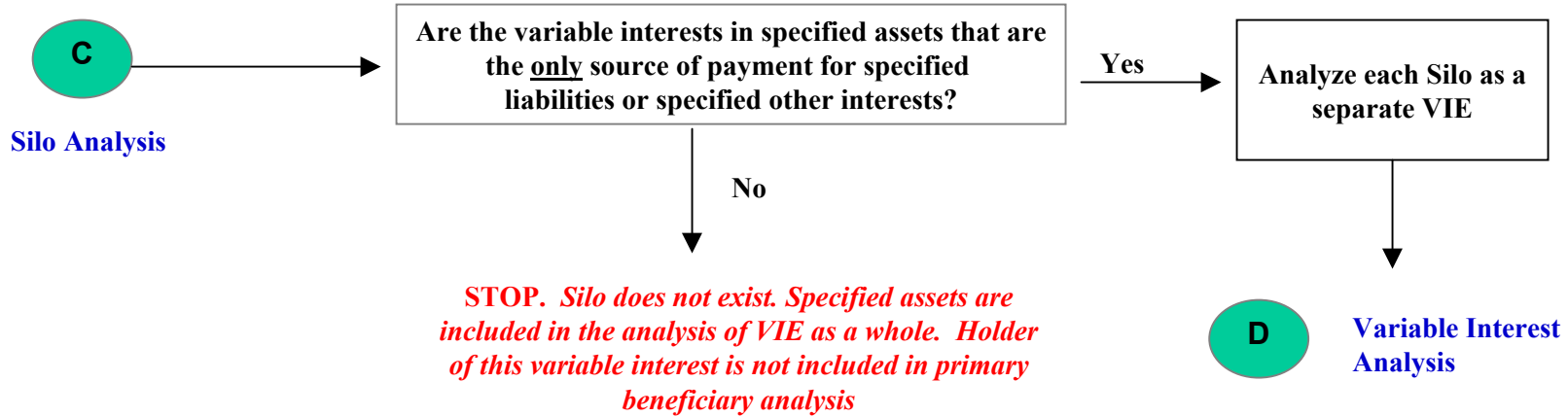
VIE Analysis



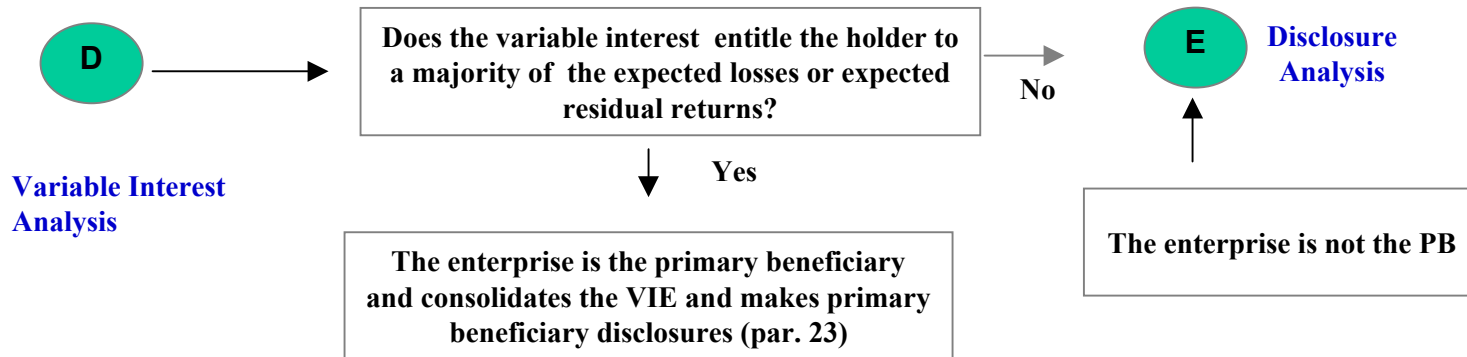
Evaluation of Variable Interests



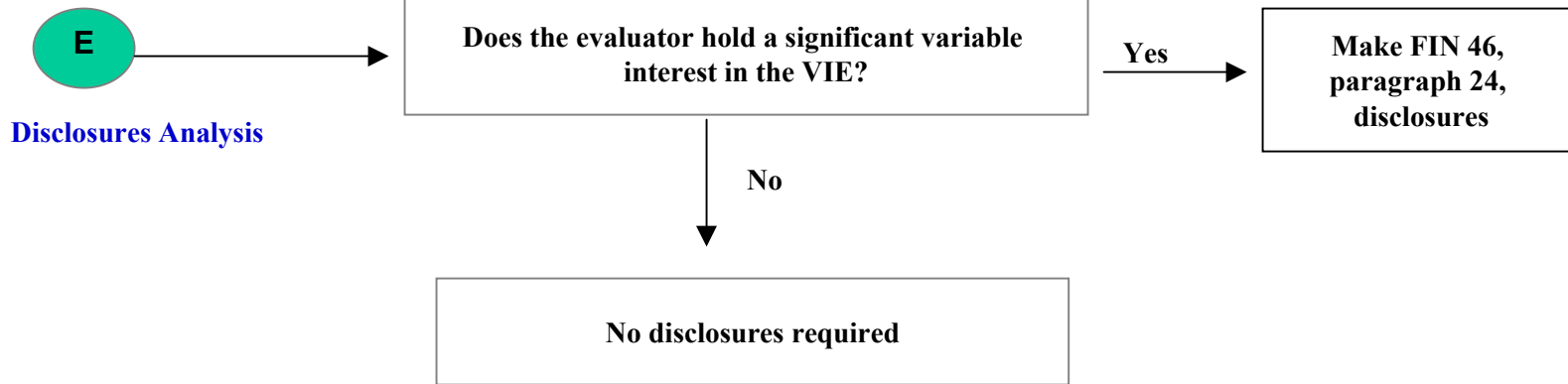
Silo Analysis



Variable Interest Analysis



Disclosure Analysis



Appendix – Explanatory Notes

¹ **Scope Exceptions:** The following are excluded from the scope of FIN 46

- Not-for-profit organizations unless they are used by business enterprises to circumvent FIN 46
- Sponsors of benefit plans subject to FAS 87, FAS 106, FAS 112
- A transferor and its affiliates to a QSPE
- Enterprises with variable interests in a QSPE, unless it holds a unilateral ability to (1) cause the entity to liquidate or (2) change the entity so it no longer meet the requirements of being a QSPE (FAS 140, par. 25 or 35)
- Enterprises subject to SEC Regulation S-X Rule 6-03(c)(1)
- Separate account of life insurance entities described in AICPA Audit and Accounting Guide, *Life and Health Insurance Entities*

² **Equity Investment at Risk** includes only interests required to be reported as equity and that participate significantly in profits and losses even if those investments do not carry voting rights. The equity at risk is presumed to be insufficient if it is less 10% of the entity's assets unless (1) the entity has demonstrated it can finance its activities without additional subordinated financial support, or (2) the equity investment at risk is at least equal to that of comparable entities that operate with no additional subordinated financial support, or (3) equity investment at risk exceeds the estimate of the entity's expected losses based on quantitative evidence.

³ **Expected Losses** exclude those generated by variable interests in selected assets when the selected assets make up less than 51% of the fair value of the entity's total assets.

⁴ **Decision-Making** does not exist if both (1) the voting rights of some of the holders of the equity investment at risk are not proportional to their obligation to absorb expected losses or receive expected residual returns AND (2) substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights.
