

<b>What:</b>	<b>Airline Guide – Draft Chapters</b>
<b>When:</b>	<b>May 2007</b>
<b>Why:</b>	<b>Follow Up Discussion</b>

May 2, 2007

To the Accounting Standards Executive Committee

In connection with AcSEC's project to revise the Airline Guide, enclosed for your review and discussion at AcSEC's May 15 and 16, 2007 meeting is the following May 2, 2007 draft chapters:

- Chapter 6, Other Accounting Considerations

AcSEC discussed this chapter in its entirety at its September and November 2005 meetings and suggested a number of clarifications. At its June and November 2006 meetings, AcSEC separately discussed certain issues pertaining to the intangible assets related to airport operations. In connection with international intangible assets, AcSEC discussed the impact of open-skies agreements on: a) the existence of route as an asset, b) the indefinite-lived status of routes, and c) impairment testing.

- Chapter 7, Financial Reporting and Disclosures

AcSEC discussed this chapter at its November 2006 meeting and indicated that chapters discussing financial reporting and disclosures in the revised industry guides should focus on those topics that are either unique or very significant to the industry. AcSEC requested the Airline Task Force to revise this chapter based on this approach.

- Chapter 9, Regional Airlines

AcSEC discussed this chapter in its entirety at its May 2006 and January 2007 meetings and suggested a number of clarifications. At its March 2007 meeting AcSEC separately discussed two issues addressed in chapter 9. AcSEC considered how regional carriers should account for payments received from their major airline partners for planned major maintenance activities. AcSEC also discussed accounting for certain activities performed by the regional airline to train its personnel and to conform its aircraft to the contract requirements.

Representatives of the Task Force and I look forward to discussing the project with you.

Regards,

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