

PW ASB No. A6202, dated February 20, 1995.

(2) Remove from service CCOC's that exhibit cracking in accordance with Section 2.B of PW ASB No. A6202, dated February 20, 1995.

(d) Compliance with paragraph (c) of this AD is an acceptable alternative to performing the borescope inspection required by paragraph (a) or (b) of this AD, as applicable.

(e) For the purpose of this AD, accessibility of the CCOC is defined as separation of the "J" and "K" flanges and removal of the outer split fan ducts.

(f) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Engine Certification Office. The request should be forwarded through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, Engine Certification Office.

Note: Information concerning the existence of approved alternative methods of compliance with this airworthiness directive, if any, may be obtained from the Engine Certification Office.

(g) Special flight permits may be issued in accordance with §§ 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the aircraft to a location where the requirements of this AD can be accomplished.

(h) The inspections of the CCOC shall be done in accordance with the following service document:

Document No.	Pages	Date
PW ASB No. A6202. Total pages: 11.	1-11	Feb. 20, 1995.

This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies may be obtained from Pratt & Whitney, 400 Main St, East Hartford, CT 06108. Copies may be inspected at the FAA, New England Region, Office of the Assistant Chief Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

(i) This amendment becomes effective on May 9, 1995.

Issued in Burlington, Massachusetts, on April 11, 1995.

James C. Jones,

Acting Manager, Engine and Propeller Directorate, Aircraft Certification Service.

[FR Doc. 95-9471 Filed 4-21-95; 8:45 am]

BILLING CODE 4910-13-P

14 CFR Part 71

[Airspace Docket No. 94-AGL-36]

Modification of Class D Airspace Areas; Detroit, MI, and Alton, IL

AGENCY: Federal Aviation Administration (FAA) DOT.

ACTION: Final rule.

SUMMARY: This action modifies the Class D airspace area at Willow Run Airport, Detroit, MI, and St. Louis Regional Airport, Alton, IL. The Class D airspace area at Willow Run Airport, Detroit, MI, will be modified by lowering the vertical limit of the Class D airspace area up to but not including the base altitude of the overlying Detroit, MI, Class B airspace area. The Class D airspace area description at St. Louis Regional Airport, Alton, IL, will be modified by excluding that airspace within the Lambert-St. Louis International Airport, MO, Class B airspace area. Airspace reclassification has necessitated new guidelines for depicting and describing Class D airspace areas that underlie Class B airspace areas. The intended effect is to eliminate pilot confusion by modifying the controlled airspace areas at Willow Run Airport, Detroit, MI, and St. Louis Regional Airport, Alton, IL.

EFFECTIVE DATE: 0901 UTC, July 20, 1995.

FOR FURTHER INFORMATION CONTACT: Jeffrey L. Griffith, Air Traffic Division, System Management Branch, AGL-530, Federal Aviation Administration, 2300 East Devon Avenue, Des Plaines, Illinois 60018, telephone (708) 294-7568.

SUPPLEMENTARY INFORMATION:

History

On January 6, 1995, the FAA proposed to amend part 71 of the Federal Aviation Regulations (14 CFR part 71) to modify the Class D airspace area at Willow Run Airport, Detroit, MI, and St. Louis Regional Airport, Alton, IL (60 FR 2043). No comment objecting to the proposal were received.

The coordinates for this airspace docket as based on North American Datum 83. Class D airspace designations are published in Paragraph 5000 of FAA Order 7400.9B dated July 18, 1994, and effective September 16, 1994, which is incorporated by reference in 14 CFR 71.1. The Class D airspace designations listed in this document will be published subsequently in the Order.

The Rule

This amendment to part 71 of the Federal Aviation Regulations modifies the Class D airspace areas at Willow

Run Airport, Detroit, MI, and St. Louis Regional Airport, Alton, IL. The Class D airspace area at Willow Run Airport, Detroit, MI, will be modified by lowering the vertical limited of the Class D airspace area up to not including the base altitude of the overlying Detroit, MI, Class B airspace area. The Class D airspace area description at St. Louis Regional Airport, Alton, IL, will be modified by excluding that airspace within the Lambert-St. Louis International Airport, MO, Class B airspace area. Airspace reclassification, effective September 16, 1993, has necessitated new guidelines for depicting and describing Class D airspace areas that underlie Class B airspace areas. The intended effect is to eliminate pilot confusion by modifying the controlled airspace areas at Willow Run Airport, Detroit, MI, and St. Louis Regional Airport, Alton, IL.

The FAA has determined that this regulation only involves an established body of technical regulations for the frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only effect air traffic procedures and air navigation, it is certified that this rule will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 71 as follows:

PART 71—[AMENDED]

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. app. 1348(a), 1354(a), 1510; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389; 49 U.S.C. 106(g); 14 CFR 11.69.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9B, Airspace Designations and Reporting Points, dated July 18, 1994, and effective

September 16, 1994, is amended as follows:

Paragraph 500 General

* * * * *

AGL MI D Detroit, MI [Revised]

Detroit, Willow Run Airport, MI
(Lat. 42°14'16" N., long. 83°31'50" W.)

That airspace extending upward from the surface to but not including 3,000 feet MSL within a 4.4-mile radius of Willow Run Airport, excluding that airspace within the Detroit, MI, Class B airspace area.

* * * * *

AGL IL D Alton, IL [Revised]

Alton, St. Louis Regional Airport, IL
(Lat. 38°53'25" N., long. 90°02'45" W.)

That airspace extending upward from the surface to and including 3,000 feet MSL within a 4.2-mile radius of the St. Louis Regional Airport, excluding that airspace within the Lambert-St. Louis International Airport, MO, Class B airspace area. The Class D airspace is effective during the specific dates and times established in advance by a Notice to Airmen. The effective dates and times will thereafter be continuously published in the Airport/Facility Directory.

* * * * *

Issued in Des Plaines, Illinois on April 11, 1995.

Roger Wall,
Manager, Air Traffic Division.

[FR Doc. 95-10042 Filed 4-21-95; 8:45 am]

BILLING CODE 4910-13-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 211

[Release No. SAB 94]

Staff Accounting Bulletin No. 94

AGENCY: Securities and Exchange Commission.

ACTION: Publication of staff accounting bulletin.

SUMMARY: The interpretations in this staff accounting bulletin express the views of the staff regarding the period in which a gain or loss is recognized on the early extinguishment of debt.

EFFECTIVE DATE: April 18, 1995.

FOR FURTHER INFORMATION CONTACT: Tracey Barber, Office of Chief Accountant (202) 942-4400, or Douglas Tanner, Division of Corporation Finance (202) 942-2960, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The statements in staff accounting bulletins are not rules or interpretations of the Commission nor are they published as bearing the Commission's official

approval. They represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure requirements of the Federal securities laws.

Margaret H. McFarland,
Deputy Secretary.

PART 211—[AMENDED]

Accordingly, Part 211 of Title 17 of the Code of Federal Regulations is amended by adding Staff Accounting Bulletin No. 94 to the table found in Subpart B.

Staff Accounting Bulletin No. 94

The staff hereby adds Section AA to Topic 5 of the Staff Accounting Bulletin Series. Topic 5-AA provides guidance regarding the period in which a gain or loss is recognized on the early extinguishment of debt.

Topic 5: Miscellaneous Accounting

* * * * *

AA. Recognition of a Gain or Loss on Early Extinguishment of Debt

Facts: In the fourth quarter of its fiscal year, a registrant announces its intent to call for redemption certain of its outstanding debt obligations. By their terms, the debt obligations are not callable until the third quarter of the subsequent fiscal year. The obligations will be redeemed for an amount that exceeds the net amount at which they are carried on the registrant's balance sheet. The debt extinguishment would not be deemed a troubled debt restructuring addressed by *Statement of Financial Accounting Standards No. 15*, "Accounting by Debtors and Creditors for Troubled Debt Restructurings."

Question: Would the staff object if the registrant recorded the loss expected to result from redemption of the debt obligations (the excess of the reacquisition cost over the net carrying amount of the extinguished debt) in the period that it announces its intent to call the debt for redemption?

Interpretive Response: Yes. *Accounting Principles Board Opinion No. 26*, "Early Extinguishment of Debt," (APB 26) and its amendments, including, among others, *Statement of Financial Accounting Standards No. 76*, "Extinguishment of Debt," (SFAS 76) govern the accounting and disclosure for extinguishment of debt. Pursuant to APB 26, the gain or loss from an extinguishment of debt "should be recognized currently in income of the period of extinguishment." Paragraph 3 of SFAS 76 identifies the circumstances under which a debt obligation would be considered extinguished.¹ The staff would object to

¹ Paragraph 3 of SFAS 76 states that "[a] debtor shall consider debt to be extinguished for financial reporting purposes in the following circumstances:

a. The debtor pays for creditor and is relieved of all of its obligations with respect to the debt. This includes the debtor's reacquisition of its outstanding securities in the public securities

recognition of a gain or loss from a debt extinguishment in a period other than the period in which the debt is considered extinguished.² Disclosure regarding a planned extinguishment and its likely effects would be required in footnotes to the financial statements and in Management's Discussion and Analysis to the extent material. In periods preceding extinguishment, interest expense and other carrying costs of the debt should be recognized in accordance with the terms of the instrument. Deferred debt issue costs and debt discount or premium would continue to be amortized based on the life of the debt that was assumed when the obligation initially was recorded.

Some registrants have suggested that *Statement of Financial Accounting Standards No. 5*, "Accounting for Contingencies," (SFAS 5) requires recognition of an estimated loss on extinguishment when the extinguishment becomes probable, such as upon an issuer's announcement of a plan to call the debt. The staff does not believe that SFAS 5 supersedes or conflicts with other authoritative literature providing specific guidance concerning the accounting for debt extinguishment. A probable and estimable loss is recognized under SFAS 5 if, and only if, an asset has been impaired or a liability had been incurred at the balance sheet date. The staff believes that announcement of an intent to extinguish a liability in the future does not, by itself, result in a requirement to recognize a loss. Further, the staff believes that an issuer's irrevocable offer to repurchase a debt obligation is not sufficient to result in the debt's extinguishment for accounting purposes. A debt holder's acceptance of that offer at or prior to the balance sheet date by means of tendering the security and surrendering all rights under the instrument's terms, however, would be considered an extinguishment of that debt. In the case of an issuer's call of a debt obligation (including an original issue discount obligation), extinguishment is not considered to have occurred before interest ceases to accrue or accrete under the terms of the obligation as a result of the call. In any case, loss recognition is not elective under SFAS 5. The accounting consequence for an issuer that

markets, regardless of whether the securities are cancelled or held as so-called treasury bonds.

b. The debtor is legally released from being the primary obligor under the debt either judicially or by the creditor and its is probable that the debtor will not be required to make future payments with respect to that debt under any guarantees. (footnotes omitted)

c. The debtor irrevocably places cash or other assets in a trust to be used solely for satisfying scheduled payments of both the interest and principal of a specific obligation and the possibility that the debtor will be required to make future payments with respect to the debt is remote. In this circumstance, debt is extinguished even though the debtor is not legally released from being the primary obligor under the debt obligations."

² The extinguishment of a debt obligation subsequent to the balance sheet date but prior to the issuance of financial statements reporting as of and for the period ended on the balance sheet date should not result in adjustment to those financial statements.