

**Minutes of the Meeting of the
Air Transportation Stabilization Board
September 10, 2004**

The meeting of the Air Transportation Stabilization Board (“Board”) was held in the offices of the Board of Governors of the Federal Reserve System at 20th Street and Constitution Avenue, Washington, D.C., on Friday, September 10, 2004.

The following people were present at the meeting:

Board

Edward M. Gramlich, Chairman of the Board, and Governor, Federal Reserve Board
Brian C. Roseboro, Voting Member of the Board, and Under Secretary for Domestic Finance, Department of the Treasury
Jeffrey N. Shane, Voting Member of the Board, and Under Secretary for Policy, Department of Transportation

Board Staff

Mark R. Dayton, Executive Director
Jaydeep Borwankar, Financial Analyst

Federal Reserve Board

Christopher W. Clubb, Senior Counsel

Department of the Treasury

Roger E. Kodat, Deputy Assistant Secretary for Government Financial Policy
Michael D. Scott, Senior Advisor to the Deputy Assistant Secretary for Government Financial Policy
Brian Jackson, Chief Financial Officer, Federal Financing Bank
Lachlan Seward, Senior Advisor to the Fiscal Assistant Secretary
Brookly McLaughlin, Public Affairs

Department of Transportation

Terence W. Carlson, Attorney, Office of General Counsel
Regis Milan, Associate Director, Office of Aviation Analysis
Bernard Fishman, Office of Inspector General
E. Michael O’Malley, Counselor to the Under Secretary

Curtis, Mallet-Prevost, Colt & Mosle LLP

Dan Lenihan, Partner
Steve Reisman, Partner

Lazard Freres & Co., LLC

David S. Kurtz, Managing Director
Barry Ridings, Managing Director

GAO did not attend this meeting.

Governor Gramlich called the meeting to order at 10:13 a.m.

The Executive Director introduced Mr. Kurtz and Mr. Ridings from Lazard Freres & Co (“Lazard”), who have been retained to advise the Board and other Tranche A and B lenders (other than the Retirement System of Alabama) in the event that US Airways were to file for protection under Chapter 11 of the Bankruptcy code.

The Executive Director provided the Board with an update on the status of US Airways’ implementation of its transformation plan. The Executive Director discussed the likelihood of the company filing for protection under Chapter 11 of the bankruptcy code prior to September 15th, the date on which the company would have to make a significant pension obligation payment. The Executive Director briefed the Board on a meeting between the Staff and the PBGC and discussed the potential impact on the ATSB loan of a missed pension payment.

The Executive Director informed the Board that if US Airways did file for Chapter 11 protection, the company would continue to operate in the foreseeable future and would seek access to the cash pledged by the company to secure the ATSB loan to continue to operate the airline. The Board discussed some broad parameters of a bridge and interim cash collateral order. The Board voted unanimously to delegate authority to the Executive Director to negotiate the terms of bridge and interim cash collateral orders on behalf of the Board.

The Board discussed a draft press release on US Airways’ bankruptcy in the event the carrier decided to file for Chapter 11 protection.

The Executive Director provided the Board with an update on Aloha Airlines, World Airways, and American Trans Air (“ATA”).

The meeting was adjourned at 11:55 a.m.