

**Minutes of the Meeting of the
Air Transportation Stabilization Board
September 26, 2002**

The meeting of the Air Transportation Stabilization Board (“Board”) was held in the offices of the Special Library in the Federal Reserve Board Eccles Building at 20th Street and Constitution Avenue, Washington, D.C., on Thursday, September 26, 2002.

The following people were present at the meeting:

Board

Edward M. Gramlich, Chairman of the Board, and Governor, Federal Reserve Board
Peter R. Fisher, Voting Member of the Board, and Under Secretary for Domestic Finance,
Department of the Treasury
Kirk K. Van Tine, Voting Member of the Board, and General Counsel, Department of
Transportation

Board Staff

Daniel Montgomery, Executive Director
Cameron Fleming, Senior Vice President
Michael Kestenbaum, Senior Financial Analyst
James Levine, Chief Legal Counsel
Jaydeep Borwankar, Financial Analyst

Federal Reserve Board

J. Virgil Mattingly, General Counsel
Daniel E. Sichel, Senior Economist
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
Brad S. Lerner, Attorney

Department of Transportation

Terence W. Carlson, Attorney, Office of General Counsel
Nancy Kessler, Attorney, Office of General Counsel
Regis Milan, Associate Director, Office of Aviation Analysis
Suzanne Shaps, Office of Inspector General
Bernard Fishman, Office of Inspector General
Mark Lawton, Office of Inspector General

Curtis, Mallet-Prevost, Colt & Mosle LLP

Daniel Lenihan, Partner
Steven J. Reisman, Partner

GAO did not attend this meeting.

Chairman Gramlich called the meeting to order at 2:46 p.m.

The meeting commenced with a discussion about American Trans Air, Inc. (“ATA”), an applicant for a Federal loan guarantee. The Executive Director described ATA’s market position, fleet, the Board’s consultants’ reports, the proposed collateral and its value. He discussed the impact of 9/11 on ATA, resulting cost initiatives and recent management changes. He provided the staff’s analysis of the application under the statutory and regulatory criteria.

The Chairman and the Executive Director discussed the past and current availability of credit in the airline industry and Mr. Fisher discussed the availability of credit in the economy generally. The Chairman stated that it appeared that the macro credit environment had worsened. Mr. Van Tine and Michael Kestenbaum discussed the increasing loss estimates for the airline industry.

The Executive Director proceeded to outline staff recommendations for a transaction structure, including recommendations on fees, additional debt, change in control, dividend restrictions and warrants. The Board members and Board staff discussed the proposed transaction structure. The Board voted unanimously to conditionally approve the application and instructed the staff to send a letter to ATA that included the conditions discussed during the Board meeting.

The Executive Director next discussed administrative items including communications policy and requests for reconsideration. The Board agreed unanimously that the Chairman would allocate the staff’s time when there are conflicting priorities.

The meeting ended at 3:40.