

**Minutes of the Meeting of the
Air Transportation Stabilization Board
December 20, 2002**

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 December 20, 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
William Abrams, Senior Vice President
Michael Kestenbaum, Senior Financial Analyst
James Levine, Chief Legal Counsel
Jaydeep Borwankar, Financial Analyst
Christiana Cameron, Financial Analyst

Federal Reserve Board

Daniel E. Sichel, Senior Economist
Christopher W. Clubb, Senior Counsel

Department of the Treasury

Roger 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
Bernard Fishman, Office of Inspector General
Mark Dayton, Office of Inspector General

GAO did not attend this meeting.

Gov. Gramlich called the meeting to order at 2:11 p.m.

The meeting commenced with a discussion about Great Plains Airlines, an applicant for a Federal loan guarantee. The Executive Director discussed the three revised proposals submitted by the applicant, the level of detailed information provided by the applicant with each successive proposal, the applicant's support from the State of Oklahoma and the City of Tulsa, the applicant's prior capital raising efforts, and the applicant's business plan. He discussed the applicant's financial and operating projections and the reports of the Board's financial and industry consultants.

Chairman Gramlich and the Executive Director discussed the State of Oklahoma's ability to support the applicant and the timing of the applicant's revised proposals. The Executive Director summarized the application under the statutory and regulatory criteria and recommended that the application be denied. The Board voted unanimously to deny the application. The Board reviewed and approved a letter to the applicant.

The Board next discussed the application of Evergreen International Airlines. The Executive Director summarized the application, discussed revised transaction structures and discussed the applicant's outstanding indebtedness and its relationship with existing lenders. He discussed the preference expressed in the regulations for transactions that do not solely refinance existing debt and the applicant's efforts to satisfy this criterion. The Executive Director summarized a proposed transaction structure and discussed tenor, security, fees and other compensation.

Mr. Van Tine asked whether the Board staff had discussed warrants or other equity instruments with the applicant as compensation from the applicant. The Executive Director responded affirmatively and discussed the staff's continued diligence on collateral value, the reports of the Board's financial and industry consultants, the applicant's efforts to sell certain businesses and the applicant's participation in the CRAF program.

The Executive Director summarized the application under the statutory and regulatory criteria and recommended approval. Mr. Van Tine, Mr. Fisher and the Executive Director discussed why credit was not available to the applicant. The Executive Director and Chairman Gramlich discussed the applicant's prior default history and management. Chairman Gramlich and Mr. Van Tine discussed the assistance that the applicant has received under the \$5 billion compensation program. Mr. Fisher and Chairman Gramlich discussed whether the applicant was damaged by the events of September 11, 2001. Mr. Van Tine and the Board's Legal Counsel discussed the related statutory and regulatory criteria. The Board voted unanimously to conditionally approve the application and reviewed and approved a letter to be sent to the applicant.

The Executive Director discussed developments involving US Airways with the Board.

The Board voted unanimously to approve the minutes of the Board's November 26, 2002 meeting.

The meeting adjourned at 4:03.