

**Minutes of the Meeting of the
Air Transportation Stabilization Board
August 18, 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 Wednesday, August 18, 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

Michael Kestenbaum, Executive Director
Marguerite Owen, Legal Counsel
Jaydeep Borwankar, Financial Analyst

Federal Reserve Board

Dan Sichel, Assistant Director
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
Brad S. Lerner, Attorney
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
Mark R. Dayton, Office of Inspector General
E. Michael O’Malley, Counselor to the Under Secretary

GAO did not attend this meeting.

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

The Board discussed AmericaWest Airlines' ("AWA") request to the ATSB for the waivers necessary under the ATSB loan documents to refinance its term loan. The Board discussed the proposed maturity of the refinanced term loan, the resulting reduction in the company's debt service burden over the remainder of the ATSB loan term, and the use of the proceeds of the proposed refinancing.

The Board voted unanimously to grant the necessary waivers to enable AWA to refinance their term loan, however, the Board's approval was subject to AWA agreeing to the restrictions on the use of excess proceeds recommended by the Executive Director.

The Executive Director discussed the ATSB's warrant portfolio and the monetization strategies that it could adopt to liquidate its warrant positions. The Board instructed staff to continue researching possible strategies for the warrant portfolio.

The Executive Director provided the Board with an update on the US Airways and ATA loans.

Chairman Gramlich and the other Board members thanked Mr. Kestenbaum for his service to the Board. Chairman Gramlich introduced Mr. Dayton to the other Board members and asked the Board to vote on Mr. Dayton's nomination to replace Mr. Kestenbaum as Executive Director. The Board voted unanimously to appoint Mr. Dayton as the Executive Director of the ATSB.

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