

**Minutes of the Meeting of the
Air Transportation Stabilization Board
October 5, 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 Tuesday, October 5, 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
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
Brad S. Lerner, Attorney
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 Diederich, Attorney, Office of General Counsel
E. Michael O’Malley, Counselor to the Under Secretary

Curtis, Mallet-Prevost, Colt & Mosle LLP

Dan Lenihan, Partner
Steve Reisman, Partner (by phone)

Lazard Freres & Co., LLC
Barry Ridings, Managing Director

GAO did not attend this meeting.

Governor Gramlich called the meeting to order at 2:13 p.m.

The Executive Director presented an update on US Airways' bankruptcy filing. The Executive Director stated that US Airways had met its cash flow projections and had experienced less booking away than had previously been anticipated. However, much of this benefit had been offset by higher than expected fuel prices. He discussed the Staff's negotiations with US Airways and the unsecured creditors committee on the terms of the final cash collateral order, including several provisions to protect the financial interests of U.S. taxpayers.

The Executive Director briefed the Board on the status of the ATA loan and the company's operating performance over the past several quarters. He informed the Board that ATA's cash position had eroded and resulted in the carrier considering a filing for Chapter 11 protection.

The Executive Director provided the Board with an update on Aloha Airlines and World Airways noting that both of them may be submitting requests for waivers/amendments in the near future.

The meeting was adjourned at 3:15 p.m.