

**Minutes of the Meeting of the
Air Transportation Stabilization Board
November 9, 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, November 9, 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
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

Department of Justice

Christopher Kohn, Director, Commercial Litigation Branch
Brendan Collins, Trial Attorney, Civil Division
Andrea Handel, Trial Attorney, Civil Division

Curtis, Mallet-Prevost, Colt & Mosle LLP

Dan Lenihan, Partner

Lazard Freres & Co., LLC

David Kurtz, Managing Director

Eric Mendelsohn,

Blake O'Dowd,

GAO did not attend this meeting.

Governor Gramlich called the meeting to order at 9:50 a.m.

The Executive Director provided an update on the ATA bankruptcy. The Executive Director stated that the interim cash collateral order was now in place and that Staff and Board financial consultants were monitoring ATA's cash position. The Executive Director discussed the possibility of extending the interim cash collateral order beyond November 11, 2004. The Executive Director discussed the progress made by ATA towards arranging Debtor-in-Possession (DIP) financing and the establishment of the bid procedures for the auction of ATA's assets. The Board voted unanimously to delegate authority to the Executive Director to negotiate an extension of ATA's interim cash collateral order and the bid procedures for the auction of ATA's assets.

The Executive Director updated the Board on the US Airways bankruptcy. He discussed the call by Bank of America, the Tranche A lender on the loan, the loan guarantee and progress made by Staff and the Board's legal consultants in reassigning the loan to an alternate lender on terms that would include a revocation of the demand for payment under the guarantee. The Executive Director also discussed the views of the Board's aviation consultants on the company's most recent transformation plan. Lazard provided an update on its due diligence of US Airways' transformation plan.

The Board and Staff discussed World Airways and its request for a waiver for certain terms and conditions in its loan agreement in order to set up a captive insurance company. The Board voted unanimously to grant the waiver requested by World Airways.

The Executive Director presented Aloha Airlines' proposal to transform the airline. The Executive Director stated that Aloha had violated its financial covenants in the ATSB loan agreement and was requesting that the lenders forebear on their right to accelerate payment of the loan. The Board voted unanimously to grant forbearance to Aloha subject to the company agreeing to certain conditions. The Board discussed the conditions to which Aloha would have to agree in return for the forbearance and instructed the Executive Director to negotiate further with the company.

The meeting was adjourned at 12:25 p.m.