

**Minutes of the Meeting of the
Air Transportation Stabilization Board
February 26, 2004**

The meeting of the Air Transportation Stabilization Board (“Board”) was held by teleconference on Thursday, February 26, 2004.

The following people were present at the meeting:

Board

Edward M. Gramlich, Chairman of the Board, and Governor, Federal Reserve Board
Brian Roseboro, Voting Member of the Board, and Acting 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
Bill Abrams
Jaydeep Borwankar

Federal Reserve Board

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

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
Peter Bieger, Deputy Assistant General Counsel (Banking and Finance)
Brad S. Lerner, Attorney

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 Dayton, Office of Inspector General
Nancy Kessler, Attorney, Office of General Counsel

Curtis, Mallet-Prevost, Colt & Mosle LLP (Outside Counsel to the Board)

Daniel R. Lenihan
Evan Borenstein

GAO did not attend this meeting.

Gov. Gramlich called the meeting to order at 5:00 p.m. EST.

The meeting commenced with the Executive Director describing the status of negotiations with Aloha regarding the company's waiver request under the ATSB loan guarantee for renewal of a line of credit, including the company's concerns with providing additional warrants to the Board as compensation for granting the waiver. The Executive Director also discussed the Board requiring the company to pay additional fees to the Government as compensation for the waiver. Finally, the Executive Director presented the current proposal of increasing the unrestricted cash covenant and requiring that a portion of the company's 2004 free cash flow be used to prepay the guaranteed loan as compensation for the Board granting the company's waiver request.

The Board voted unanimously in favor of the staff recommendation to grant Aloha's waiver request for renewal of a line of credit, and gave the Executive Director the authority to finalize, execute, and deliver the documents necessary to carry out the Board's decision.

The meeting adjourned at 6 p.m.