

**Minutes of the Meeting of the
Air Transportation Stabilization Board
August 13,2003**

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 20* Street and Constitution Avenue, Washington, D.C., on August 13,2003.

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
Jeffrey N. Shane, Voting Member of the Board, **and** Under Secretary of Transportation **for**
Policy, Department of Transportation (participating by telephone)

Board Staff

William Abrams
James Levine, Legal Counsel

Federal Reserve Board

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

Department of the Treasury

Brad S. Lerner, Attorney
Michael D. Scott, Senior Advisor to the Deputy Assistant Secretary for Government Financial
Policy

Department of Transportation

Terence W. Carlson, Attorney, **office** of General Counsel
Regis Milan, Associate Director, **office** of Aviation Analysis

General Accounting Office

Thomas McCool, Managing Director of Financial Markets and Community Investment

Chairman Gramlich called the meeting to **order** at 2:30 p.m.

The Chairman thanked Kirk **Van** Tine **and** Daniel Montgomery for their *service* on the Board and the **Board** staff, respectively.

The Board adopted the minutes of the Board's last meeting, June 2,2003. (Under Secretary Shane abstained from voting on the **minutes** because he did not attend the June 2 meeting.)

The Board and the Board staff discussed a document setting forth procedures and authority for administering requests for amendments and waivers under the loan documents under which the Board's guarantees were issued. Mr. Fisher stated that the air carriers submitting requests carry the burden of persuading the Board that granting a **request** (i) is consistent with the **Air** Transportation Safety and System Stabilization Act and the regulations promulgated thereunder and (ii) **enhances** the Federal Government's position **as** guarantor in comparison to the denial of the request. Chairman Gramlich and Mr. Shane agreed. Mr. McCool indicated that some level of compensation for the Government **was** appropriate if the risk to the Government is increased. The Board modified and adopted the document and instructed the Board staff to draft a letter to recipients of **Board** guarantees outlining the process by which requests would be administered and indicating that the burden of persuasion was upon the submitter of the request.

Chairman Gramlich reiterated the responsibility of everyone involved in the program to maintain the confidentiality of privileged information that is received by the Board, Board staff and the working **group**.

Mr. McCool **left** the meeting.

The **Board** next **discussed the** request of US Airways for a waiver of its obligation under its loan agreement with the Board to use reasonable efforts to file a shelf registration statement in respect of its **common stock**. Mr. Abrams **discussed** the **air** carrier's reasoning for the request and its future plans for providing liquidity to its shareholders. The Board's Legal Counsel outlined the relevant **specific** obligations under the loan documentation and the implications of providing the requested waiver. Mr. Shane expressed a preference for handling the issue in a **narrow** fashion presently and postponing to a subsequent date the broader discussion of shareholder liquidity. Mr. Fisher discussed **concerns** about US Airways' disclosure obligations. The Board voted unanimously to grant a modified request to US Airways.

The meeting ended at 3:20 p.m.