

**Minutes of the Meeting of the
Air Transportation Stabilization Board
June 28, 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 Monday, June 28, 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
Jaydeep Borwankar, Financial Analyst
Brad Hauert, Intern

Federal Reserve Board

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

Department of the Treasury

Michael D. Scott, Senior Advisor to the Deputy Assistant Secretary for Government Financial Policy
Brian Jackson, Chief Financial Officer, Federal Financing Bank

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
E. Michael O’Malley, Counselor to the Under Secretary

Curtis, Mallet-Prevost, Colt & Mosle LLP

Dan Lenihan, Partner

GAO did not attend this meeting.

Governor Gramlich called the meeting to order at 8:05 a.m.

The meeting commenced with a discussion of the request by United Air Lines' ("United") that the Board reconsider its June 17, 2004 denial of United's application for a loan guarantee. The Executive Director stated that United had submitted additional materials including a proposal to raise \$500 million in equity or equity-linked financing and that the loan guarantee request would be reduced to \$1.1 billion. The Executive Director noted that United's most recent proposal did not address the statutory criteria under which its loan guarantee request had been denied, namely that a guaranteed loan to United is not a necessary part of maintaining a safe, efficient, and viable commercial aviation system in the United States.

The Board voted unanimously to deny United's request for the Board to reconsider its June 17, 2004 decision. The Board reviewed, discussed, and approved a letter informing United of the Board's decision to deny the request for reconsideration.

The Board voted to adopt the minutes of the March 3, March 9, April 20, and May 24, 2004 Board meetings.

Finally, the Executive Director informed the Board that US Airways was expected to submit a waiver request for financial covenants under the guaranteed loan documents that are to be measured as of June 30, 2004. The Executive Director briefly outlined US Airways' proposal.

The meeting adjourned at 8:41 a.m.