

**Minutes of the Meeting of the
Air Transportation Stabilization Board
March 9, 2004**

The meeting of the Air Transportation Stabilization Board (“Board”) was held on Tuesday, March 9, 2004.

The following people participated in the meeting:

Board

Edward M. Gramlich, Chairman of the Board, and Governor, Federal Reserve Board
Brian C. 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
Jaydeep Borwankar, Financial Analyst

Federal Reserve Board

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

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
Brad S. Lerner, Attorney

Department of Transportation

Terence W. Carlson, Attorney, Office of General Counsel
Nancy Kessler, Attorney, Office of General Counsel
Regis Milan, Associate Director, Office of Aviation Analysis
Mark Dayton, Office of Inspector General
Bernard Fishman, Office of Inspector General

Outside Counsel

Daniel Lenihan, Partner, Curtis, Mallet-Prevost, Colt & Mosle LLP
Steven J. Riesman, Partner, Curtis, Mallet-Prevost, Colt & Mosle LLP

GAO did not attend this meeting.

Chairman Gramlich called the meeting to order at 8:30 a.m.

The Board discussed US Airways' proposal to prepay \$250 million of its \$1 billion loan backed by a \$900 million federal guarantee. In the proposal being considered, the Board would provide the company with flexibility to restructure in response to changing conditions in the airline industry. Specifically, in exchange for the prepayment, the Board would grant the company additional flexibility to sell certain assets, provided that the sale does not adversely affect the Board's credit position. In addition, the Board would grant the company limited relief under its financial covenants through the end of 2005 and a waiver in connection with the 2003 going concern audit opinion received by the company. Also, the Board would require US Airways to increase the minimum amount of cash that the company must have on hand. The \$250 million prepayment would be applied prorata against remaining principal repayments on the ATSB loan.

The Board voted to approve this proposal by a vote of 2-1. Voting in favor were the Chairman and Department of Transportation Under Secretary for Policy Jeffrey N. Shane. Acting Treasury Under Secretary for Domestic Finance Brian C. Roseboro voted against the action.

The meeting was adjourned at 9:20 a.m.