

**Minutes of the Meeting of the
Air Transportation Stabilization Board
April 20, 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, April 20, 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

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
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 (I don't think she was in attendance)

Curtis, Mallet-Prevost, Colt & Mosle LLP

Dan Lenihan, Partner

GAO did not attend this meeting.

Governor Gramlich called the meeting to order at 4:15 p.m.

The meeting commenced with the Board and staff discussing a proposed amendment to the Board's Regulations to explicitly allow the Board to charge fees to borrowers for waivers and amendments. The Board voted unanimously to adopt and publish the amendment in the Federal Register.

The Executive Director presented a waiver request by ATA Holdings for the sale of ATA Training Corp., a subsidiary. The Board voted unanimously to approve the waiver request.

The Executive Director presented waiver requests by Aloha Airlines for the sale of its IslandAir subsidiary and the going concern audit opinion received by the company. The Executive Director reviewed the terms of the proposed IslandAir transaction and the staff's expectation that the sale would improve the ATSB's credit position. One million dollars from the sale of IslandAir would be applied as prepayment on the ATSB loan. All principal and interest payments under the notes involved in the sale would be applied as prepayments to the ATSB loan. The notes and the Stock Purchase Agreement would be pledged by Aloha as collateral to the ATSB loan,

Under Secretary Shane stated that the transaction appeared to benefit the ATSB. Chairman Gramlich concurred with Under Secretary Shane. Under Secretary Roseboro stated that the business prospects for IslandAir were uncertain and required further analysis and therefore abstained. The Board voted 2-0 to approve waivers for the IslandAir sale and the going concern opinion as a package.

The Executive Director discussed the status and timing of United Airlines' application for a loan guarantee.

The meeting adjourned at 6:10 p.m.