

MINUTES OF THE MEETING

OF

THE BOARD OF DIRECTORS

OF

CIVIL AIR TRANSPORT COMPANY LIMITED

22 July 1958

*With Wang
initial letter dated
6 Oct. 1958*

The first meeting of the Board of Directors of Civil Air Transport Company Limited was held at the offices of the Company, 46 Chung Shan Road North, 2nd Section, Taipei, Taiwan, at 5:42 o'clock p.m. on 22 July 1958, immediately following election of the Board by the Fourth Regular Meeting of the Shareholders of the Company at their meeting, just previously adjourned. Present were Directors Wang Wen-San, Y. C. Chen, H. K. Yuan and Hugh L. Grundy, constituting a quorum of the Board. Present also were Messrs. Clyde S. Carter, Secretary, and Sherman J. K. Chang, Assistant Secretary.

Dr. Wang Wen-San acted as Chairman protem, called the meeting to order, and announced that a quorum existed. Mr. Clyde S. Carter served as Secretary.

The meeting then turned to the election of officers. On motion made by Mr. Grundy, seconded by Mr. Chen, Dr. Wang Wen-San was unanimously elected Chairman of the Board. The Chairman then nominated the following persons to serve as officers of the Company, to serve at the pleasure of the Board or until their successors are elected and qualify:

Hugh L. Grundy	Managing Director
Var H. Green	Vice President
Clyde S. Carter	Secretary
Ames Hiatt	Treasurer—Controller
Sherman J. K. Chang	Assistant Secretary

Mr. Yuan seconded the nominations. There being no other nominations, on question by the Chairman, the above listed persons were unanimously elected to the offices to which they were nominated, to serve at the pleasure of the Board or until their successors are elected and qualify.

There being no old business the Board turned to the consideration of new business, the first item of which was the consideration of the minutes of the Fourth Regular Shareholders Meeting held on 22 July 1958. On motion duly made and seconded, the reading of the minutes of the Fourth Regular Shareholders Meeting was unanimously waived.

The Board then turned to receipt of reports, and the Chairman called on the Managing Director, Mr. Grundy, to present any report to the Board which he cared to make. Mr. Grundy discussed the long range future plans of the Company. He noted that all people in the aviation industry today are looking forward to the age in aviation of the so-called jets. He noted the Company has undertaken

to forecast its financial situation considerably ahead, which considers the flying equipment necessary. He noted that today AACL is about to receive a DC-6B aircraft which it will put in service on the Company's routes under the Services Contract and that whereas it is not a new aircraft for the industry, it will be a new aircraft for the Company and it is a reliable, salable, safe, good aircraft and will put the Company on a better footing competitively. Mr. Grundy then noted that a study had been undertaken with regard to the situation for the period 1960/1961 and it appears that the three aircraft most suitable for the Company's needs are the Lockheed Electra, or one of the medium range jets such as the Convair 440 or the Boeing 720. He noted that the Electra is a turbine powered or prop jet which is the next step beyond the DC-6B in aircraft development. He stated the consideration that it might be advisable for the Company to skip the prop jet and go into pure jet but that such is subject to further study. He noted that an independent consulting firm in the United States has been retained to make a study of jet and other aircraft with regard to the Company's future needs for equipment and its ability to utilize such aircraft, that in addition the Company was making its own study and comparisons of these aircraft, and that the present indications are that a pure jet would be the best for the Company. In this regard, however, he cautioned against undue optimism and noted that his presentation and discussion were with regard to a best-planning basis. He indicated that whereas a decision would probably be made within the next year, such was actually not necessary in view of the line positions obtainable with regard to the acquisition of such new equipment.

Mr. Grundy further noted and advised that the conversion to jet would be a very costly undertaking. The first such aircraft with an adequate complement of spares will cost in the neighborhood of \$5,000,000. The aircraft have a high productive potential and operating data indicate a lower cost per seat mile than any previous type. In this particular regard, however, he advised that of course a good market is necessary to take advantage of such productive potential or the result of obtaining and operating such equipment might be financially disastrous. Further, the capacity and speed of the aircraft, the latter for a jet being in the neighborhood of 600 miles per hour, are most important factors. Mr. Grundy also noted that the Electra has a speed of approximately 400 miles per hour and that the operating cost per seat mile is higher than the jet although the cost per plane mile is lower.

He noted that the Company is in a particularly advantageous position in its relations with AACL, since the latter is in the jet maintenance business now which puts the Company in a better position than most other air carriers with regard to maintenance of jet equipment. The Managing Director noted that there are many other problems associated with obtaining and integrating jet aircraft into airline operations, particularly how they are handled in air traffic control operations. Due to the speed and high fuel consumption of the jet, planning of its operations becomes critical since after its arrival over point of destination there will be little time for maneuvering. On this, however, he added the optimistic note that by the time jet aircraft are ripe for the Company most of these problems of operation and integration will probably have been solved. He further noted that Taipei is perhaps in

the best position of any city in the Far East for jet aircraft operation in that it has VOR navigational aids, a suitable runway, an instrument landing system, and is projecting a high density approach light system. Hongkong is opening a runway suitable for jets; the runways in Tokyo will be improved; the runways in Okinawa are now capable of handling jets, and Bangkok will be improving its airport facilities. He reiterated that the primary problems are potential market and the financing of such aircraft.

Mr. Grundy then reported that he thinks the Company's business is on an increasingly sound basis; that competition will remain keen and that there will be a great deal to be done in the future to maintain effective and sound operations. He thanked the Board for its confidence in electing him the Managing Director of Civil Air Transport Company Limited and for standing behind him in his management and operation of the Company's business. The Chairman responded, commending Mr. Grundy for his job on behalf of the Company and acknowledging the doubly difficult task of serving as President of AACL as well as Managing Director of CATCL and assured him that the Board stands behind him in his activities and management and encouraged him to call on the members of the Board and the Chairman at any time and in any event where they may be of service.

On motion by Mr. Yuan, seconded by Mr. Chen, a unanimous vote was carried expressing to the Managing Director the Board's thanks to him for his successful management of Company affairs and all he has been able to do for the Company in view of the keen and increasing responsibilities of his office.

There being no other further business before the meeting, on motion duly made and seconded, the meeting was unanimously adjourned at 6:30 o'clock p.m.

Respectfully submitted


Clyde S. Carter
Secretary

Approved by:

Wang Wen-San
Chairman of the Board

AGENDA
BOARD OF DIRECTORS MEETING
OF
CIVIL AIR TRANSPORT COMPANY LIMITED

22 July 1998

1. Call to Order by Chairman Pro Tem.
2. Announcement of a Quorum.
3. Elections:
 - A. Chairman of the Board.
 - B. Managing Director.
 - C. Vice President.
 - D. Secretary.
 - E. Treasurer/Controller.
 - F. Assistant Secretary.
4. Reports:
 - A. None.
5. Old Business:
 - A. None.
6. New Business:
 - A. Summary of Minutes of Fourth Regular Shareholders Meeting.
 - B. Such other business as may properly come before the Meeting.
7. Adjournment.

List of Directors present at a meeting of the Board of Directors of
Civil Air Transport Company Limited Held on Tuesday, 22 July 1958 at
5:42 PM At the Office of the Company at 46 Chung Shan Road North,
2nd Section, Taipei, Taiwan.

Directors:

Wang Wen-san
Wang Wen-san

Y. C. Chen
Y. C. Chen

H. K. Yuan
H. K. Yuan

Hugh L. Grundy
Hugh L. Grundy
Representing CAT Incorporated