

MINUTES OF MEETING

OF

BOARD OF DIRECTORS

OF

AIR ASIA COMPANY LIMITED

16 September 1963

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A Meeting of the Board of Directors of Air Asia Company Limited was held at 111 East 54th Street, New York City on 16 September 1963.

PRESENT: Admiral Stump and Messrs. Ames, Doole, Goelet, Read, Richardson and Walker, and at the special invitation of the Board Mr. Henry Yuan, Vice President - General Affairs.

ABSENT: Mr. Grundy.

Chairman Stump called the meeting to order and announced that a quorum was present. Vice Chairman Doole presented the Certificate of Mailing of Notice and stated that a formal notice of the Meeting had been directed to all Directors in accordance with the Articles of Incorporation. The Vice Chairman was directed to file the Certificate of Mailing of Notice with the Minutes of the Meeting.

The Minutes of the Meeting of the Board of Directors of August 20, 1963 were approved.

The letter of resignation of Mr. Rousselot as Vice President of Operations was read to and accepted by the Board with deep regret. The Secretary of the Meeting was instructed to record the Board's appreciation of Mr. Rousselot's long and valuable service to the Company. It was reported that Mr. Rousselot

APPROVED FOR  
RELEASE  DATE:  
09-Oct-2009

had departed the Far East on September 15, 1963 for approximately two months' home leave in the United States after which time he will return to the Far East for a period of not more than three weeks to wind up his personal affairs.

The Board then took up the matter of electing a replacement for Mr. Rousselot. Mr. Tallmadge Leslie Boyd, who recently was elected Vice President - Flight Operations of Air America, Inc. was nominated, seconded and unanimously elected to the same position with Air Asia Company Limited to hold office at the pleasure of the Board of Directors.

The Minutes of the Meeting of the Executive Committee of August 27 and September 10, 1963 were summarized for and noted by the Board and the action taken thereby was ratified.

Mr. Yuan, Vice President - General Affairs, reported that matters with which his office is concerned were progressing satisfactorily in general. However, Mr. Yuan did report two matters of major and growing concern. The first involves the union attempts to organize the Company's Tainan employees. The Company has actively opposed the formation of a labor union at its Tainan shop. However, formation of a union has in fact already taken place - the Government has given its permission for the organizing, indications are that more than 50% of the employees have signed up and all that remains is for the Union to elect its officers and the Government to give its approval. To date the Company has been able to forestall the consummation of the Union, but Mr. Yuan reported that it appeared doubtful that the Company will be able to successfully block unionization in the end. The labor union movement in China is not new, has the support of the Government, and many companies as well as Government enterprises are unionized. Because of close Government supervision and the outlawing of strikes, unionization does not necessarily

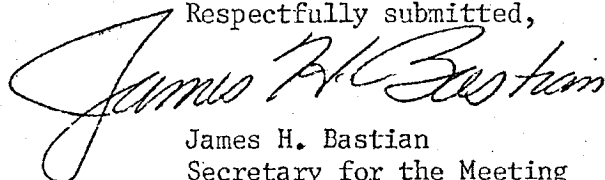
result in adverse labor relations. Mr. Yuan observed that present indications are that the Company could reach some accommodation with the union whereunder the Company would withdraw its opposition in exchange for certain concessions and thereby permit the establishment of the union on a more favorable and friendly basis or it could continue to oppose, in which case the Company would be unionized over its objections on an unfavorable and acrimonious basis.

The second matter of major concern on which Mr. Yuan reported was the emergence of China Air Lines as a serious competitor. CAL is a Government supported enterprise, both politically and materially, and has been provided a fleet of aircraft including a four engine DC-4 with which they are providing direct competition with the Company in the major Taipei-Hualien domestic market. It is believed that CAL's principal objective is to obtain international rights and ultimately replace CAT as the Chinese flag carrier. To this end CAL is developing the necessary contacts and is exploring the possibility of cooperative arrangements with other regional international carriers. To combat this competitive threat, the Company has in the past adopted a defensive approach consisting of attempts to limit CAL activities and protests to the Government of the authorization of uneconomic route duplication. This approach has not been successful and the Company now proposes to provide more aggressive direct competition with CAL by increasing schedules over the competitive Taipei-Hualien route and by inaugurating DC-4 service.

The Chairman thanked Mr. Yuan for his report.

There being no further business to come before the Meeting, on motion duly made and seconded, it was adjourned.

Respectfully submitted,



James H. Bastian  
Secretary for the Meeting