

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
OF
AIR ASIA COMPANY LIMITED

21 September 1964

A meeting of the Board of Directors of Air Asia Company Limited was held at Manufacturers Hanover Trust Company, 350 Park Avenue, New York City on 21 September 1964.

PRESENT: Admiral Stump and Messrs. Doole, Goelet, Read and Richardson.

ABSENT: Messrs. Ames, Grundy and Walker.

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. Vice Chairman Doole 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 18 August 1964 were approved.

The Minutes of the Meeting of the Executive Committees of 15 September 1964 were summarized for and noted by the Board and the actions taken thereby were ratified.

The Chairman and Vice Chairman reported in detail on their respective trips to the Far East and the steps taken to improve relations with the Government of the Republic of China which have become strained as a result of the June 20, 1964

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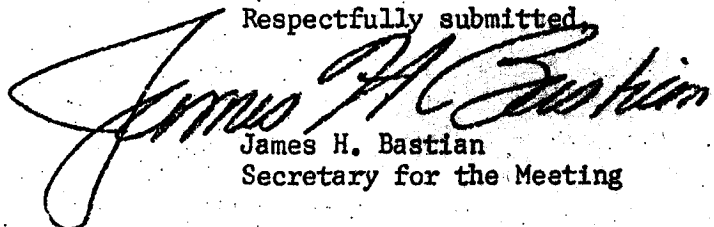
airline accident and the seizure of Company personnel records for income tax investigations. The situation has improved somewhat with solutions to differences being sought for the most part in accordance with established procedures rather than being tried in the press on the basis of incomplete facts and erroneous statements. The settlement of some twenty-two aircraft accident claims for \$6507 each has improved the climate considerably; however, there continues to be feeling in some quarters that settlement should have been not less than Warsaw. Also earlier intimations of some governmental authorities that the accident was caused by faulty maintenance and pilot error continue to be circulated although there are absolutely no facts to support such findings and despite the fact that compelling circumstantial evidence points toward sabotage. There continues to be considerable criticism directed toward the Ministry of Communications for the accident, allegedly for its failure to properly supervise AACL and CATCL and their relationship. These accusations also reflect on AACL and its contractual arrangement with CATCL and cannot help but have a detrimental effect on the Companies and their future operations in Taiwan.

The seized personnel records of American employees of AACL have been opened and the tax investigation is proceeding. There is substantial precedent in support of the method by which the American employees' tax matters were handled and although far from resolved, the investigation is proceeding in an orderly manner.

The Directors discussed at length proposed solutions to the Company's problems in Taiwan and methods by which similar problems can be avoided in the future. Management was directed to continue to study the matter.

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