

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

20 October 1964  
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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 20 October 1964.

PRESENT: Admiral Stump and Messrs. Ames, Goelet, Read, Richardson and Walker.

ABSENT: Messrs. Doole and Grundy.

Chairman Stump called the meeting to order and announced that a quorum was present. The Secretary for the meeting 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 Secretary 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 21 September 1964 were approved.

The Minutes of the Meeting of the Executive Committees of September 29 and October 13, 1964 were summarized for and noted by the Board and the actions taken thereby were ratified.

APPROVED FOR RELEASE □ DATE: 09-Oct-2009

It was reported that negotiations with the Chinese tax authorities concerning the tax status of American personnel on Taiwan is progressing satisfactorily. The position of the Chinese authorities is that the Air America grant to these personnel is a part of their salary and therefore taxable by Taiwan. However, the tax authorities have agreed that there was no attempt on the part of the Company to conceal any facts and AACL's handling of tax matters was not criminal. It is believed that the Chinese authorities are contemplating assessments back for five years with an estimated back tax liability of \$250,000 for some 94 individual employees. The Company has been assured that publicity will be kept to a minimum; however it was pointed out that the tax authorities will have no control over publicity if the matter gets into the Courts.

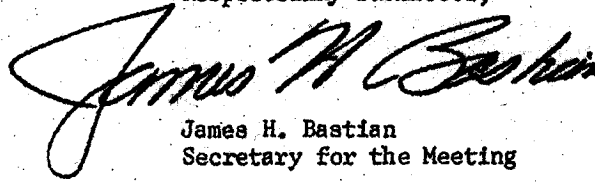
The Company released its report on the B-908 airline accident to the Chinese authorities on October 5, 1964. The report is in two parts - one dealing with the mechanical and operating aspects and the other dealing with security aspects. The conclusions of the reports, supported by substantial factual detail, is that there is absolutely no evidence of mechanical failure, pilot error or other Company negligence connected with the accident and that strong circumstantial evidence indicates the accident was the result of a hijacking attempt or deliberate acts by two passengers.

The Board discussed and approved a proposed plan to increase the salaries of individual Chinese supervisory personnel whose performance is meritorious and warrants consideration. Management is in the process of evaluating qualified employees for such salary increases.

The Board then discussed at length the need and desirability of increasing the capitalization of the Company and approved the proposed increase in principle. Action on the matter was deferred until completion of further study and recommendations by management.

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James H. Bastian".

James H. Bastian  
Secretary for the Meeting