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MINUTES OF MEETINGS
OF
EXECUTIVE COMMITTEES
OF
AIR ASIA COMPANY LIMITED AND AIR AMERICA, INC.

11 July, 1967

Meetings of the Executive Committees of Air Asia Company Limited and Air America, Inc., were held on July 11, 1967 and the following matters were considered:

1 - Approval of Minutes: The minutes of the meetings of the Air Asia Company Limited and Air America, Inc. Executive Committees of June 27, 1967 were approved.

2 - Reports:

(a) Operating Statistics - May, 1967: Flying activity for May totalled 23,375 hours or 754 hours per day as compared with a total of 21,990 hours or 733 hours per day reported for April. Total revenue load factor for scheduled operations was 46% for May as compared with 54% for May of 1966. Customer aircraft maintenance was up 3% with 236,000 skilled man-hours reported for May, 1967, as compared with 230,000 for April, 1967. The total skilled man-hours expended in May at the main maintenance base was 583,000 up 7% from the 545,000 expended in April. Skilled labor overtime was 22% of regular hours

APPROVED FOR
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worked in May, 1967 as compared with 21% for April, 1967.

(b) Financial - May, 1967: Financial results for May, 1967 show transport and other operating revenue of \$5,306,000 and customer maintenance revenue of \$789,000. Total gross revenue for May was \$6,095,000. For the first two months of the Companies' year total revenues were \$12,250,000 which is 41% above the revenues of \$8,682,000 for the same period during the previous year. Air Asia Company Limited showed a net income before income taxes for May of \$383,000 and for the past two months of \$790,000. Air America's results were approximately the same.

(c) Personnel Statistics - May, 1967: Personnel increased by 37 during May, 1967 to a total of 10,221 on board. Of the total personnel 1,137 were Americans. Vacancies totalled 1,894 up 184 for the month.

(d) Major Damage to Aircraft: Since the last Executive Committee meeting on June 27, 1967, the following reports of major aircraft damage were received:

<u>Date</u>	<u>Aircraft</u>	<u>Cause</u>	<u>Damage</u>	<u>Injured</u>	<u>Aircraft again available to customer</u>
July 1	Porter N197X	Taxi accident	Tail wheel and structure	None	July 10
July 4	Porter N393R	Engine flame out-emergency landing	Tail wheel	None	Est. July 16
July 7	Porter N9444	Indigenous person walked into prop	Engine and prop	Indigenous person killed	Est. July 15

<u>Date</u>	<u>Aircraft</u>	<u>Cause</u>	<u>Damage</u>	<u>Injured</u>	<u>Aircraft again available to customer</u>
July 7	UH-34 Heli- copter H-51	Crashed and burned - cause undetermined	Destroyed	2 passengers killed, 1 ser- iously burned; Flight Me- chanic 3rd degree burns; Pilot minor burns	---

3 - SEA Contract Flying: The level of activity in Southeast Asia has remained stable over the past two months and no major changes are foreseen for the immediate future.

It was reported that the T-53 (Bell Helicopter) engine overhaul program is progressing slowly due to a lack of co-operation and support from Lycoming.

It was then reported that during contract negotiations on renewal of Contract [redacted] the USAF evidenced a somewhat restrictive attitude on the future use of Udorn facilities for other contract operations; however, the matter was resolved satisfactorily and operations will continue as they have in the past. Immediately prior to signing a renewal of the Madriver Contract for Government Fiscal Year 1968 the USAF indicated they had encountered difficulties including gold flow problems and upon USAF request the Company agreed to a thirty day extension of the existing contract. Subsequently, the USAF proposed a language change which deleted the indemnity provisions from the contract. The Company rejected the elimination of USAF indemnity unless accompanied by a price increase

to cover the Company's cost of assuming such risks. The new contract is still unsigned and the Company is continuing to operate on the one month's extension of the old contract, however, it is anticipated that the issues will be resolved.

It was also reported that the Agency for International Development (AID) may agree to pay for the erection of the nose hanger at Da Nang and the slab for the nose hanger at Nhatrang. Appropriations for both nose hangers was approved at the June 27, 1967 Executive Committee meeting.

Finally, it was reported that AID is sending a team, which includes two outside aviation consultants, to the Far East and Southeast Asia, to study and review the flying activities of AID and its contractors, with the objective of formulating operating, maintenance and flight standards to be inserted in AID's flying contracts. The FAA is co-operating with AID in this project and it is AID's intent to adopt, for insertion in its flying contracts, certain provisions of Parts 121 and 135 of the Federal Aviation Regulations (FAR). Parts 121 and 135 of the FAR's contain rules and regulations for the operation of large and small U. S. registered aircraft in air commerce, however, such rules and regulations are not now made applicable by the FAA to operations in Southeast Asia. Operations in Southeast Asia must be conducted in accordance with the less restrictive provisions of Part 91 of the FAR's. It is believed that the Company's operations already meet most of those portions of Parts 121 and 135 with which AID will seek compliance. The AID team is expected to complete its

study by the end of August, 1967 and contract negotiations should commence shortly thereafter.

4 - Capital Appropriation Requests: The Executive Committee considered and approved the following capital appropriation requests:

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| (a) | PLNG-AR-305, Repair Accident Damage to Caribou Aircraft B853 | \$13,900 |
| (b) | PLNG-AR-311, Repair Accident Damage to Volpar Turbo Beech N9577Z | \$33,350 |
| (c) | BMVTE-67-AR-38, Ramp Lighting Vientiane | \$13,270 |

5 - Banking Facilities: The Executive Committee considered and approved a change of signatories for the following account:

AACL Taipei Depository Account at the
Bank of Taiwan

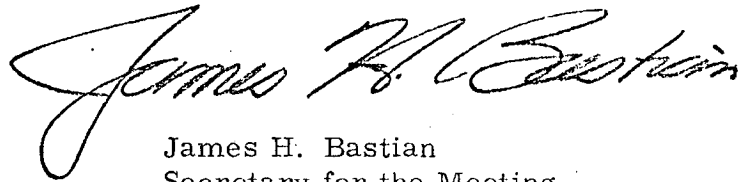
6 - CATCL Terms and Conditions of Carriage: The Executive Committee approved the draft terms and conditions of carriage to be printed on the domestic passenger tickets of Civil Air Transport Company Limited. The draft terms and conditions are as prescribed by Chinese Civil Air Regulation 101, which regulation provides for passenger liability equal to Warsaw limits.

7 - CATCL Lease of Taipei - Hong Kong Radio Teleprinter Circuit: CATCL presently leases a Taipei - Hong Kong radio teleprinter circuit from Cable and Wireless Limited at \$1,575 per month. Cable and Wireless Limited notified CATCL that the circuit had been transferred to the tropospheric scatter system on June 26, 1967 and that the charge from that date would be \$935 per month. A one year contract was presented to CATCL at the lower

rate. The Executive Committee approved the new one year contract with Cable and Wireless Limited for a radio teleprinter circuit between Hong Kong and Taipei at \$935 per month.

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, reading "James H. Bastian". The signature is written in dark ink and is positioned above the typed name and title.

James H. Bastian
Secretary for the Meeting