

APPROVED FOR  
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MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS  
OF  
AIR AMERICA, INC.

October 21, 1974  
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A meeting of the Board of Directors of Air America, Inc. was held at the offices of the Company, 1725 K Street, N. W., Washington, D. C. on October 21, 1974.

PRESENT: Messrs. Walker, Ames, Doole, Goelet, Grundy, Richardson and Velte.

Also present at the invitation of the Board were Mr. Clyde S. Carter and Mr. Mark L. Peterson.

Mr. Walker, Chairman of the Board, called the meeting to order. Mr. Clyde S. Carter, Vice President of the Corporation, served as Secretary for the meeting. The Chairman announced the presence of a quorum. The Secretary presented a Certificate of Mailing of Notice and stated that a formal notice of the meeting had been sent to all Directors in accordance with the By-Laws of the Corporation. The Secretary was directed to file the Certificate of Mailing of Notice with the Minutes of the Meeting.

The Secretary noted that copies of draft minutes of the Meeting of the Board of Directors held on September 17, 1974 had been circulated to the Directors prior to this meeting. Hearing no objection on call therefor, the Chairman waived a reading of those minutes and, on motion made and seconded, the Minutes of the Meeting of the Board of Directors of September 17, 1974 were

approved, as submitted.

The Minutes of the Meeting of the Executive Committee of October 16, 1974 were summarized and noted by the Chairman.

The Managing Director reported to the meeting, advising his recent return from an extended trip in the Far East. At the outset, Mr. Velte updated items from the October 16, 1974 Minutes of the Executive Committee noting that preliminary operating information indicated that through September 1974, the year-to-date (six months) results of the inter-company (Air America-Air Asia) operations reflected six month revenues of \$15,822,707, and \$2,456,642 for the month of September 1974, resulting in income before income tax of \$1,981,842 for six months and \$454,655 for the month of September, which included non-operating income of \$732,433 for the six months and \$233,265 for September 1974. For Air Asia, the indicated figures for September 1974 show income before income taxes of \$1,345,401 for the six months period and \$479,446 for the month of September 1974. Average flying for the month of September amounted to 114 hours per day contrasted to an average of 318 hours per day in September 1973, whereas for the first 21 days of October 1974 the average was equal to 105 hours per day. At September 30, 1974 the total strength of the corporate complex was 4,278 employees of which 1,315 were Air America employees and 2,906 were Air Asia employees (the remainder included 57 employees in Air America Limited).

Reporting on his trip to the Far East, Mr. Velte noted that his time had principally been spent in Taiwan with his activities directed toward planning and setting up procedures for the efficient

implementation of the Agreement of Sale of the company's subsidiary, Air Asia Company Limited. Mr. Velte noted also that, in that regard, he and Mr. Kenneth Smith of E-Systems had worked out the custody and handling by Air Asia, for prospective disposition, of Air America personal properties items, essentially aircraft spares and assemblies, which are now located in Tainan and which will not be disposed of as of the Closing Date under the Sales Agreement, as well as the custody and handling by Air America of similar Air Asia property items now located in Saigon; the arrangement with Mr. Smith also provides for the acquisition of certain aircraft engine items by E-Systems at an amount of DUS180,000 and creates the pricing formula for the acquisition of such inventory items acquired by either party from the other. In response to questions from the Chairman, with regard to company Retirement Plan benefits for company personnel assigned to and engaged in the performance of Air Asia work, the Managing Director explained that E-Systems plans to retain such personnel in the employment of Air Asia and that the terms of such employment will include an opportunity for such employees to join the E-Systems' retirement program, and that it appears clear under the Pension Reform Law recently enacted by the U. S. Congress that accrued benefits under one retirement plan may be ported to another plan without tax incidence in which case the company employees who move over to E-Systems employment can transfer the value of their accrued benefits under the company Retirement Plan to the E-Systems plan without tax incidence. Mr. Velte further reported that

arrangements have been made in Taiwan for Civil Air Transport Company Limited to perform certain revenue accounting functions for the company which have heretofore been performed by Air Asia personnel. The Managing Director noted his trip to South Vietnam and discussed generally the problems the company will face, after the disposal of Air Asia, in carrying out its only remaining operating functions which will be in South Vietnam, alluding to the necessity to maintain viability of that operating consistent with efficient performance of the two remaining flying contracts, one for the ICCS and one for USAID and still to plan an orderly phase-out or phase-down.

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

Respectfully submitted,

Clyde S. Carter  
Secretary for the Meeting