

MINUTES OF MEETINGS

OF

EXECUTIVE COMMITTEES

OF

AIR AMERICA, INC. AND AIR ASIA COMPANY LIMITED

March 12, 1968

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Meetings of the Executive Committees of Air America, Inc. and Air Asia Company Limited were held on March 12, 1968 and the following matters were considered:

1 - Approval of Minutes:

(a) Meetings of Air America, Inc. and Air Asia Company Limited Executive Committees of January 19, 1968: The minutes of the meetings of the Air America, Inc. and Air Asia Company Limited Executive Committees of January 19, 1968 were approved.

(b) Meeting of Air America, Inc. Board of Directors of February 20, 1968: The draft minutes of the meeting of Air America, Inc. Board of Directors of February 20, 1968 were approved for submission to the Board.

(c) Meeting of Air Asia Company Limited Board of Directors of February 20, 1968: The draft minutes of the meeting of Air Asia Company Limited Board of Directors of February 20, 1968 were approved for submission to the Board.

2 - Reports:

(a) Personnel Statistics - December, 1967: Personnel increased by 108 during December, 1967 to a total of 11,104 on board. American personnel totalled 1,197 at the end of December up six over the previous month. Flight personnel totalled 604 down three for the month. Technical service personnel increased by 84 to a total of 6,578 and fiscal personnel increased by twelve to a total of 309. Vacancies totalled 1,566 down 112 from November. It was pointed out that for the most part the vacancies are to take care of existing personnel attrition. Further, the vacancy positions are being reviewed in light of current operations and a number are being cancelled.

(b) Operating Statistics - January, 1968: Flying activity for January totalled 23,605 hours or 761 hours per day as compared with a total of 22,036 hours or 711 hours per day reported for December. Flying was down substantially during February due to Tet and military activity in Viet Nam, however, results during the first part of March are back to January levels. Total revenue load factor for scheduled operations was 42% for January as compared with 43% for January, 1967. Customer aircraft maintenance was up 12% with 184,000 skilled man-hours reported for January, 1968 as compared with 164,000 for December, 1967. The total skilled man-hours expended in January at the main maintenance base was 591,000 up 8% from the 548,000 expended in December. Skilled labor overtime was 20% of regular hours worked

in January, 1968 as compared with 17% for December, 1967.

(c) Financial - January, 1968: Financial results for January, 1968 show transport and other operating revenue of \$5,271,000 and customer maintenance revenue of \$702,000. Total gross revenue for January was \$5,973,000 somewhat above the past ten month average of \$5,603,000. Included in January revenue was \$450,000 covering an estimated retroactive rate adjustment under Contracts AF49(604)-4395 and AID-439-342 of which only \$80,000 actually applies to January. For the first ten months of the Companies' year total revenues were \$56,030,000 which is 3% above the revenues of \$54,378,000 for the same period during the previous year. Air Asia Company Limited had a net income before income taxes for January of \$2,643,000 which includes non-operating income of \$2,426,000 representing the gain on the sale of the Convair 880 and spare parts delivered to date. It was pointed out that the entire gain from the sale of the Convair 880 was reflected as income to Air Asia Company Limited whereas one-half of the gain should have been reflected as income to Air America under the Charter Agreement. For the first ten months of the fiscal year Air Asia Company Limited's net income before income taxes was \$3,406,000 up 5% from the \$3,259,000 for the same period during the previous year. However, the principal portion of the income for the first ten months was represented by the gain from the sale of the Convair 880 and a comparison of net operating income before taxes shows \$979,000 for the first ten months of this fiscal

year down 71% from the \$3,362,000 for the first ten months of the previous fiscal year. Air America's net income before income taxes for the first ten months of the fiscal year was \$328,000 as compared with \$3,192,000 for the same period last year.

3 - Operating Forecast for Period April 1968 Through March 1969:

It was reported that the operating forecast for the year April 1, 1968 through March 31, 1969 which is normally reviewed at this meeting has not yet been received from the Field.

4 - Major Damage to Aircraft: Since the last Executive Committee meeting on February 19, 1968, 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>
Feb. 22	UH-34 Heli- copter H52	Hit by large caliber shell while off loading at Laos pad	Aircraft burned - parts salvagable	Flight mechanic - burns and shrapnel wounds	---
Mar. 7	Bell 204B Heli- copter N8539F leased	Forced land- ing in unsecure area after tail struck trees'	Although dam- age minor aircraft order- ed destroyed due to unsecure area	None	---

In addition to the foregoing reports of major damage the following reports involving minor damage were also received. February 13, C-45 aircraft N9073Z sustained damage to both props and the right wing tip when the

aircraft nosed up after the pilot applied the brakes in attempt to avoid a collision with an AF fuel truck. The fuel truck had driven in front of the aircraft while the aircraft was taxiing to the ramp at Saigon. February 15, Porter aircraft N393R struck a newly installed AF fence during landing at Nghia Nanh, Viet Nam damaging the right dynamic counter balance and aileron. Mechanics made temporary repairs and the aircraft was flown to Da Nang. February 18 and 19, mortar or rocket fire at Saigon resulted in minor damage to three parked Air America aircraft. UH-34 helicopter H54 made a safe autorotation landing after being hit by ground fire in the engine compartment and cockpit on February 26, and was subsequently recovered on March 4. February 27, UH-34 helicopter H57 sustained minor damage to the tip of the main rotor blade while hovering in thunderstorm. February 27 and 28, nine aircraft were damaged at Saigon as a result of rocket fire. Seven of the aircraft were back in service within two days. The other two, a Helio and a Ten Two, were back in service on March 3 and March 10, respectively.

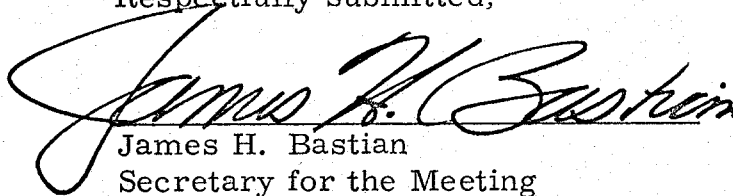
5 - SEA Contract Flying: It was reported that flying activity in South-east Asia has increased during the first part of March from the disruptions in February resulting from Tet and the military activity. However, there continues to be a shortage of skilled labor and the curfew and other restrictions at Saigon are interfering with normal operations.

The Executive Committee then received a report on the aerial survey project. During the ten month period ended December 31, 1967 Air America flew 7,940 hours in the aerial survey project out of the 8,054 scheduled hours. Only 114 hours or 1.4% of the scheduled coverage was lost during the ten month period. From January 1 through March 8, 1968 the record was even better with only ten minutes lost and 2,057 hours flown.

6 - Volpar N91284 Accident Claims: It was reported that settlements, subject to approval of the families and the courts, were negotiated with the attorneys representing the families of Doctors Beattie, Conroy and Pickett, who were three of the eight educators killed in the March 23, 1967 Volpar accident in Viet Nam. The Beattie case was settled for \$260,000, the Conroy case was settled for \$230,000 and the Pickett case was settled for \$135,000. Settlements have now been reached with respect to six of the eight educators killed in the accident. Of the total \$1,391,695 settlement cost for these six cases Air America will pay \$941,695 and the insurance company will pay \$450,000. It is anticipated that this will be the extent of Air America's liability for the death of the eight educators as it is believed that the remaining two can be settled within the \$75,000 per passenger insurance coverage.

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