

WALDO LEWIS COLLECTION  
BOX 2, FOLDER 5

CONTRACT

between

PROGRAM EVALUATION OFFICE

THE UNITED STATES OPERATIONS MISSION TO LAOS

and

AIR AMERICA, INC.

for

PROFESSIONAL SERVICES IN CONNECTION

with

PROVIDING HELICOPTER FLIGHTS, MAINTENANCE AND TRAINING PROGRAM

WITHIN THE COUNTRY OF LAOS.

THIS Contract, entered into this 14th day of January 1960 by and between the Program Evaluation Office of the United States Operations Mission to Laos (hereinafter referred to as "PEO/USOM/LAOS") and Air America, Inc. (hereinafter referred to as "Contractor"):

WHEREAS, PEO/USOM/Laos desires to obtain the services of Contractor pilot, maintenance, operations, supply and accounting personnel for the operation and maintenance of helicopters in Laos and to provide flying and maintenance training to such students as are presented by PEO/USOM/Laos and to operate a supply system to order, receive, store, and issue equipment and spare parts in support of such operation and maintenance;

WHEREAS, Contractor is willing and able to provide such personnel services upon the terms hereof;

NOW, THEREFORE, the parties mutually agree as follows:

1.00 SCOPE OF SERVICES

1.01 The Aircraft to be operated hereunder, together with support equipment and aircraft spare parts therefor, will be made available to the Contractor under a lease agreement between the United States Government and Contractor, a copy of which lease agreement will be furnished to PEO/USOM/Laos.

1.02 Contractor shall furnish flight, maintenance, operations, supply and accounting personnel to operate and maintain said helicopters and to operate a supply system for spare parts and equipment transfer in accordance with the terms hereof.

1.03 The Contractor shall also provide helicopter flight and maintenance training to such students as are presented by PEO/USCM/Laos. Such training shall be given at times when the aircraft are not performing operations missions hereunder or undergoing emergency maintenance or repair necessary to support such operations.

1.04 The operations and services provided by Contractor under this Contract shall be subject to the supervision and direction of the Chief, P.E.O. or his designated representative, in such manner as he deems desirable; provided, however, that such use shall be commensurate with the inherent capabilities of the aircraft and the qualifications of the Contractor's personnel. The Contractor shall have complete authority and discretion to decide all matters involving safety of operation and maintenance in accordance with Contractor's and industry standards.

1.05 Contractor's personnel engaging in any operations or services under this Contract may be assigned for such purposes by the Contractor at any time at the Contractor's discretion; however, payment to the Contractor under this Contract for any time of such personnel shall begin upon their arrival in Laos for the purpose of performing services under this Contract, such time not to exceed four weeks in advance of receipt of the aircraft by Contractor from the United States Government.

## 2.00 SCHEDULE AND PERIOD OF SERVICES

2.01 The period for the provision of services under this Contract shall be effective from the date first above written and shall continue for one year subject to the availability of appropriated funds and subject to the provisions of Article "27.00" below. It is contemplated that the assignment of personnel by the Contractor to the performance of the services hereunder initially will be as follows.

Pilots, American citizens	4
Operations Manager, American citizen	1
Chief Mechanic	1
Operations Clerk	1
Maintenance Clerk	1
Mechanics	12
Supply Personnel	2
Accountant	1

The classifications and numbers of personnel listed above may be altered from time to time by mutual consent expressed in writing.

2.02 Dependents. PEO/USCM/Laos shall have no responsibility for dependents of above personnel who may be brought to Laos under this Contract.

## 3.00 PERSONNEL, CONDITIONS AND EMPLOYMENT

3.01 Contractor shall assign to the performance of this Contract the minimum number of qualified personnel pursuant to Article "2.00" necessary to perform properly the required services as outlined by Chief, P.E.O. The types and rates for personnel initially contemplated are shown in Exhibit "A" attached hereto and made a part hereof.

3.02 Ground personnel furnished by the contractor will work as required by Contractor's local Manager. No overtime will be paid by PEO/USOM/Laos for such personnel.

#### 4.00 PAYMENTS AND REIMBURSEMENTS IN U.S. DOLLARS, SUPPLY PROCEDURES, REPAIRS

4.01 Payments to Contractor shall be made upon presentation, at the end of each calendar month, of an original plus three copies of a duly certified invoice. PEO/USOM/Laos will execute an original plus three copies of ICA Form 12-9 "USOM Certificate of Performance", which shall be affixed to the Contractor's invoice. PEO/USOM/Laos shall make payment within thirty days from date of receipt of such invoice and payment will be made in the form of a check, draft or other instrument, payable in U.S. Dollars. Check is to be made out and mailed to Air America, Inc., c/o First National City Bank of New York, 55 Wall Street, New York 15, N. Y. Computation for payment of personnel services, except as otherwise provided herein, shall be made at the rates set forth in Exhibit "A".

4.02 PEO/USOM/Laos will provide, at no cost to the Contractor, adequate lodging in Vientiane for Contractor personnel. When such personnel are on authorized travel status away from Vientiane Contractor shall be paid per diem for such personnel in accordance with prevailing U.S. Government standardized travel regulations.

4.03 Contractor shall purchase and use for the duration of this Contract three vehicles. Vehicles to be purchased shall be either Jeeps, Landrovers, or Volkswagon Microbuses. Contractor will be reimbursed for its landed costs of such vehicles in Vientiane upon delivery of the vehicles in Vientiane and submission of the purchase invoices in the usual manner. Upon expiration or termination of this Contract the three vehicles will be returned to PEO/USOM/Laos by Contractor. PEO/USOM/Laos will provide all support for the operation and maintenance of these vehicles without any cost to the Contractor. Upon reimbursement to the Contractor for the vehicles, title to the vehicles will rest with PEO/USOM/Laos.

4.04(a) Contractor will accept said aircraft spare parts and equipment referred to in Article "1.01" with an itemized listing thereof by stock number, and quantity. Suitable stock records and parts consumption data will be maintained by the Contractor. Stock levels will be established in accordance with pipeline times and consumption experience. Contractor will store and maintain said property in facilities to be furnished therefor by PEO/USOM/Laos.

(b) Except for items authorized by PEO/USOM/Laos for local procurement, Contractor shall submit all requisitionable requirements necessary to support the aircraft, including spare engines, equipment and spare parts, marked "Project Mad River", through PEO/USOM/Laos to the Northern Air Materiel Area, Pacific (NAMAP) in the format of class code, stock number, unit of issue, quantity and date required. Such requisitions may be submitted by electrical transmission or correspondence depending upon the urgency of the requirement.

(c) Contractor shall submit on a monthly basis, a listing of all items (spares and equipment) issued in support of the operations of the said aircraft through PEO/USOM/Laos to Middleton Air Materiel Area (MAAMA) Attention: MANPJM. The required data will be in the format of class code, stock number, unit of issue and quantity. In the event no issues are made, a negative report will be submitted.

(d) In the event any serviceable items received by the Contractor under said lease agreement become excess to the current or projected needs to support said aircraft, Contractor will report such excesses through PEO/USOM/Laos to NAMAP in the format of class code, stock number, noun, unit of issue and quantity. NAMAP will provide disposition instructions. Excess TOC and repairable items no longer required by the Contractor will be disposed of in accordance with procedures contained in subparagraph "(e)" below.

(e) MAAMA will provide a listing of recoverable items normally installed in or supporting this type aircraft, coded as to the location to which repairable or TOC items will be returned when beyond the capability of the Contractor to repair in accordance with subparagraph "(f)" below. All items not listed will be turned over to Chief, P. E. O. for disposal when they become unserviceable. The Contractor shall assist PEO/USOM/Laos in the preparation of such items for shipment. PEO/USOM/Laos shall be responsible for transshipment to destination.

(f) Within its capabilities Contractor shall repair all repairable items, for which it determines there is a probable future need, at Bangkok or the main base utilized by it therefor and shall be paid for such repair at the rate of \$2.34 per direct skilled labor hour utilized therein plus the cost of Contractor furnished materials consumed delivered at the point of use plus Contractor's transportation costs involved in shipping the items between Vientiane and the point of repair.

(g) In addition to the work contemplated by subparagraph "(f)" above and at the direction of the Chief, P. E. O., or his designated representative, and within Contractor's capabilities, Contractor shall perform repair, overhaul, or restoration to/of the aircraft and other property furnished by the United States Government, as follows:

1. At Bangkok: or the main base utilized by Contractor, for which Contractor shall be paid at the rate of \$2.34 per direct skilled labor hour utilized in performing such work, plus the cost of materials consumed delivered at the point of use, plus Contractor's transportation costs, if any, involved in shipping such property between Laos and the point where such work is performed. Further, in the event the work is performed at Bangkok and Contractor is required to assign additional personnel and equipment to such point for such work, Contractor shall be paid therefor as follows:

(a) Equipment, to be employed in but not consumed in performing said work: Contractor's cost of transportation therefor between Bangkok and the original point of such shipment for such work; and

(b) Personnel: an amount computed at the rates per man day per person as reflected in Exhibit "A" for such additional personnel, plus per diem per day per person, for each day such personnel is away from his regular station from which he is assigned for such work, in accordance with prevailing U. S. Government standardized travel regulations.

2. In Laos: the Contractor shall utilize, to the extent of their availability and capability, Contractor personnel then in Laos and engaged in the performance of this Contract at no extra charge therefor to PEO/USOM/Laos; if such work cannot be performed by such personnel Contractor shall also utilize its personnel in Laos who are not assigned to the performance of this Contract, to the extent of their availability

and capability, for which Contractor shall be paid at the rate of \$2.34 per direct skilled labor hour utilized in such work. Further, Contractor shall determine its requirements for additional personnel, equipment and materials which, subject to the approval of PEC/USOM/Laos shall be assigned by Contractor to accomplish such work and for which Contractor shall be paid as follows:

(a) Material: Contractor's landed cost at the point of use plus ten per cent;

(b) Equipment, to be employed in but not consumed in performing said work: Contractor's cost of transportation therefor between the point in Laos used and the original point of such shipment for such work; and

(c) Personnel: an amount computed at the rates per man day per person as reflected in Exhibit "A" for such personnel plus per diem per day per person for each day such personnel is away from his regular station from which he is assigned to such work in accordance with prevailing U. S. Government standardized travel regulations.

3. Classification and number of personnel assigned by Contractor in performance of work under this subparagraph "(g)" which are in addition to the personnel then listed in paragraph "2.01" above shall be determined in accordance with the said paragraph "2.01".

(h) Contractor shall be paid for such aircraft parts and materials furnished by it for estimated requirements in the performance of this Contract, in the amount of Contractor's landed cost at Vientiane, plus ten per cent.

4.05 To the extent medical facilities may be available to PEC/USOM/Laos to furnish to Contractor personnel in need, PEC/USOM/Laos agrees to furnish such assistance to the Contractor personnel at the regular rates which such facilities charge. Assistance of PEC/USOM/Laos as required will be given to Contractor personnel who require medical evacuation, such medical evacuation being in accordance with prevailing practices and regulations governing ICA personnel.

4.06 The rates specified in Exhibit "A" for "hazardous area flying" shall be charged in addition to the "basic rate". Hazardous area is defined to mean an area in which active combat operations are in progress or an area controlled or occupied by unfriendly forces. The determination whether flights are performed over a hazardous area shall be by agreement between the local Manager of the Contractor and the Chief, P. E. O. or his designated representative, and shall be made in advance of each such flight or assignment where known and subsequent thereto where unknown. Actual times of flights over a hazardous area shall be the basis of computation for the hourly rates payable for hazardous area flying and shall be certified by the Chief, P. E. O. The times of an aircraft over such an area shall be recorded by the aircraft captain. All other areas under this Contract are known as non-hazardous areas.

4.07 All hours flown in the performance of this Contract shall be paid for at the applicable rate or rates set forth in Exhibit "A" heretofore provided, that Contractor shall be paid for each agreed pilot position hereunder a minimum amount per month equal to seventy (70) hours at the basic rate for pilots set forth in Exhibit "A". The words "flight hour", "flight time", or "actual

“flying time” as used in this Contract shall mean flying time as defined in pertinent United States Air Force Regulations and shall also include time at intermediate stops when the rotor is not shut down and the Pilot remains at the controls while loads are being discharged or taken aboard or being awaited, plus five minutes.

4.08 PEO/USOM/Laos has obligated under the Contract the amount of U. S. Dollars One Hundred Thousand (US\$100,000.00) to be utilized for services and related expenses.

It is expressly understood that the Contractor shall not continue performance under the Contract when it knows that the charges to PEO/USOM/Laos for doing so would exceed the unexpended balance of said obligated sum of One Hundred Thousand United States Dollars (US\$100,000.00). Periodically Contractor shall inform the Controller, PEO/USOM/Laos, of the activities of Contractor under the Contract to the extent required by the Controller, PEO/USOM/Laos to enable him to determine the uncommitted balance of the funds obligated to this Contract, and the Controller, PEO/USOM/Laos, will from time to time advise Contractor of the uncommitted balance of said obligated fund for the purpose of enabling Contractor to prevent the amount of subsequent payments and reimbursements due it from exceeding such uncommitted balance of the obligated funds. If it is determined by either the Contractor or the Controller, PEO/USOM/Laos, that the uncommitted balance of the obligated funds is insufficient to meet costs incurred or anticipated by the Contractor under the Contract, the other shall be so notified in order that the period of continuation of services hereunder, or the termination thereof, may be jointly decided. It is agreed that except for any cost or expense which PEO/USOM/Laos might incur under Article “5.00” hereof, the maximum payments, reimbursements and expenses under the Contract shall not exceed US\$100,000.00; provided, that should further U. S. Dollar funds be allotted to PEO/USOM/Laos for furtherance of services under this Contract prior to its termination or cancellation, PEO/USOM/Laos will so notify the Contractor in writing informing it of the revised U. S. Dollar ceiling and the procedure prescribed above will be applied to such revised sum; provided, further, that should such a further allotment be made after Contractor has dispersed its personnel from Laos, Contractor shall not be obligated to resume performance prior to a satisfactory amendment of this Contract covering its costs and expenses for repositioning its personnel and supplies and equipment in Laos.

#### 5.00 OPERATING CONDITIONS

5.01 The Chief, P. E. O. will provide to Contractor adequate space and facilities in Vientiane and elsewhere in Laos for the establishment of a base or bases for the maintenance of the aircraft and for the establishment of such training facilities as are required, and for the storage and maintenance of the aircraft spare parts and equipment contemplated by Articles “1.00” and “4.00” above.

5.02 The Chief P. E. O. shall advise Contractor of the operational requirements under this Contract and Contractor shall determine personnel needs therefor at all points at which operations and maintenance are to be performed. PEO/USOM/Laos will provide cargo handling, loading and unloading services for cargo to be transported under this Contract, if any; provided, that Contractor shall provide qualified personnel to supervise the placing and securing of cargo as well as the seating of passengers.

5.03 PEO/USOM/Laos shall procure without cost to the Contractor and shall provide at the points where needed all POC, including aircraft fuel, engine oil and lubricants, necessary for the performance of this Contract.

5.04 Materials, parts and equipment to be furnished by the United States Government under the terms of this Contract will be provided without cost to the Contractor, and PEO/USOM/Laos shall provide without cost to the Contractor transportation therefor, and for all Contractor-furnished materials and equipment, and Contractor personnel between all points in Laos, and adjacent Southeast Asia areas where PEO/USOM/Laos may maintain transportation services, necessary for the performance of this Contract; provided, that where other means of transportation may be available to the Contractor and utilized by Contractor with the consent of PEO/USOM/Laos, Contractor shall be reimbursed for its costs for such transportation.

#### 6.00 RESPONSIBILITY OF CONTRACTOR

6.01 Except where it should be determined that the Contractor, its employees or agents are guilty of gross negligence and except as provided in Paragraph 6.02 hereunder, PEO/USOM/Laos agrees to indemnify and save and hold Contractor harmless for and from any and all costs, claims and damages, including all expenses in connection therewith, which Contractor may be liable for or may suffer in connection with the operation of the aircraft, including transition training provided to Contractor personnel by the United States Government, but not including costs, claims, damages and expenses for the loss of or damage to the aircraft itself.

6.02 As between the contracting parties Contractor shall be responsible for: (a) the injury to or death of its own personnel; and (b) for the loss of or damage to its own property which may occur from incidents or operations wholly within or over a non-hazardous area.

6.03 In the event of the damage to or loss of Contractor's spare parts or equipment from operations in or over a hazardous area, PEO/USOM/Laos shall reimburse the Contractor for Contractor's reasonable cost of repair to or replacement of such property. Subject to the approval of PEO/USOM/Laos the Contractor may perform damage repairs or have such repairs performed by others; costs of repair shall be those derived from the Contractor's recording of costs on its books according to its usual procedures in case repairs are performed by the Contractor, or those charged to the Contractor in case repairs are performed by others.

6.04 Contractor agrees that it will keep full and complete records and books of account in accordance with generally accepted accounting principles covering the financial details applicable to this Contract and agrees that PEO/USOM/Laos or ICA, or the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of three (3) years after final payment under this Contract, have access to and the right at all reasonable times to examine and audit such records and books of account (and in addition any or all other attachments, correspondence, memorandum, and other records pertaining to this Contract) of Contractor.

6.05 Contractor shall conform to all applicable Laos laws, regulations and ordinances promulgated by legally constituted authorities and shall promptly correct any violations thereof called to its attention. Chief, P.E.O. will render assistance and guidance as appropriate.

6.06 It is understood and agreed that in the performance of this Contract, Contractor shall act as an independent contractor maintaining complete control over its employees.

6.07 Contractor shall coordinate with Chief, P.E.O. in the performance of this Contract and shall, during periods of training provided for herein and consistent with other provisions of this Contract, establish coordination with such trainee organization and in such manner as Chief, P.E.O. shall direct.

6.08 To the reasonable extent it is able to do so under the circumstances and facilities obtaining, the Contractor shall preserve, store and maintain equipment and parts in a manner compatible with accepted industrial standards.

#### 7.00 RESPONSIBILITY OF PEO/USOM/LAOS

7.01 PEO/USOM/Laos shall take such steps as are necessary to insure that the Contractor shall be exempted, in connection with this Contract, from any and all taxes, duties, levies or assessments or other charges in the nature thereof, in accordance with existing agreements between the Government of the United States and the governments of the countries involved. In the event that PEO/USOM/Laos is unable to obtain these exemptions, it is agreed that the Contractor shall have the right to renegotiate with PEO/USOM/Laos the rates set forth in Exhibit "A" hereto, or handle, as a reimbursable expense, with a view to covering the increased cost.

7.02 PEO/USOM/Laos will furnish all assistance necessary for the Contractor to obtain duty free entry into Laos of all aircraft parts, equipment and supplies furnished by it in the performance of this Contract, as well as for the export therefrom of such aircraft parts, equipment and supplies during the performance of and upon the completion of this Contract, providing that all such parts and equipment and supplies are consigned by Contractor to the PEO/USOM/Laos or as otherwise agreed by the parties hereto. The parties agree that where such parts, equipment and supplies furnished by the Contractor are consigned to PEO/USOM/Laos title thereto shall nevertheless remain in the Contractor unless and until Contractor is paid therefor pursuant to subparagraph "4.04(h)". Upon completion of this Contract the Contractor agrees to export at its own expense, and in case of sale in Laos to pay duty to the local government on such equipment and supplies imported by it duty free.

7.03 It is understood that PEO/USOM/Laos will endeavor to obtain from the government(s) of those countries in or through which flight operations will be conducted, any necessary landing rights, clearances and other permissions required for all flights pursuant to PEO/USOM/Laos instructions and will assist Contractor in obtaining exit, entry and other permits which may be required for Contractor personnel assigned to the performance of this contract. Contractor agrees to cooperate fully with PEO/USOM/Laos in obtaining such landing rights, clearances and other necessary permissions.

7.04 PEO/USOM/Laos shall be responsible for any landing fees, airways communication and parking charges assessed by any public authority with respect to the aircraft operated under this Contract.

7.05 The aircraft shall bear and shall be operated with such numbers, insignia, and markings as shall be prescribed to Contractor by the Chief, P.E.O. or his duly authorized representative the use of which by Contractor under this Contract shall be assured to it by PEO/USOM/Laos.

#### 8.00 LANGUAGE, WEIGHTS AND MEASURES

8.01 The English language shall be used in all written communications between PEO/USOM/Laos and the Contractor with respect to the services to be rendered and with respect to all documents procured or prepared by Contractor. Estimates of quantities, designs and unit of weights and measures involved shall be in U. S. measurements.

9.00 INSPECTION

9.01 Contractor agrees to permit authorized representatives of PEO/USOM/Laos at all reasonable times to inspect the facilities, activities and work pertinent to the Contract and to interview personnel engaged in the performance of the Contract.

10.00 ASSIGNMENT

10.01 Contractor shall not assign, transfer, pledge, or make other disposition of this Contract or any part thereof, or of any rights, claims or obligations of Contractor hereunder except with the prior written consent of PEO/USOM/Laos, and then only in accordance with the Assignment of Claims Act of 1940 as amended (31 U. S. C. 203; 41 U. S. C. 15).

11.00 SUBCONTRACTS

11.01 Except as authorized in writing by PEO/USOM/Laos, Contractor shall not subcontract any part of the work under this Contract.

12.00 COVENANT AGAINST CONTINGENT FEES

12.01 Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies, maintained by Contractor for the purpose of securing business. For breach or violation of this warranty, the United States Government shall have the right to annul this Contract without liability or, in its discretion, to deduct from the Contract consideration the full amount of such commission, percentage, brokerage or contingent fee.

13.00 NON-DISCRIMINATION

13.01 In connection with the performance of work under this Contract, Contractor agrees not to discriminate against any employee recruited in the United States or applicant for employment there to be recruited because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to the following employment, upgrading, demotion, or transfer; recruitment advertising; layoff or termination; rates of pay, or other forms of compensation; and selection for training, including apprenticeship. The Contractor further agrees to insert the foregoing provision in all non-Laos subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

14.00 CONFLICT OF INTERESTS

14.01 Other than work to be performed under this Contract for which an employee is assigned by Contractor, no employee of Contractor shall engage, directly or indirectly, either in his own name, or through the agency of another person, in any business, profession or occupation, nor shall he make loans or investments to or in any business, profession, or occupation, in the country or countries to which he is assigned hereunder.

15.00 WARRANTY AGAINST HIRING PEO/USOM/LAOS AND ICA EMPLOYEES

15.01 Contractor warrants that since the start of negotiations for this Contract or receipt by it of an invitation to submit a proposal whichever occurred first, Contractor has not discussed employment with, offered employment to, nor agreed to employ, any employee of PEO/USOM/Laos and the International Cooperation Administration having responsibilities in connection with selection of contractors, letting or approving contracts or in performance of contracts. Contractor further warrants that during performance and as long as this contract is in effect, it will not, except with advance written approval of the Deputy Director for Management of ICA, discuss employment with, offer employment to nor agree to employ any person who is an employee of PEO/USOM/Laos and the International Cooperation Administration having responsibilities in connection with selection of contractors, letting or approving contracts or in the performance of contracts. Contractor agrees to report to PEO/USOM/Laos and ICA any solicitation of employment with Contractor by an employee of PEO/USOM/Laos and/or ICA during the period of the Contract. For breach or violation of this warranty, the United States Government shall have the right to annul this Contract or cancel its financing thereof without liability and may debar the Contractor from further participation in PEO/USOM/Laos and ICA-financed contracts for a period of up to three years.

16.00 CERTIFICATE OF PERFORMANCE

16.01 Contractor shall notify PEO/USOM/Laos in advance of date items of its work will be completed, and request certificates of work performance from PEO/USOM/Laos; certificate of work performance PEO/USOM/Laos to be executed by the Air Branch, whereupon PEO/USOM/Laos shall designate their representatives and/or other individuals who may sign and witness respectively certificates of work performance acceptance on behalf of PEO/USOM/Laos and shall notify Contractor of such designation ten (10) days prior to the date work is scheduled to be completed. PEO/USOM/Laos agrees, with respect to any such certification, that it will act or state a reason for its failure to act within thirty (30) days after request has been received for such certification. In the event it has not acted or stated reason for its failure to act within such thirty (30) day period, PEO/USOM/Laos certification shall be assumed to have been given.

17.00 TERM OF CONTRACT

17.01 This Contract shall become effective upon execution on behalf of both parties and shall continue in full force and effect for the period on one year provided funds are made available by the Congress of the United States, unless earlier terminated as provided herein; provided, that the term of this Contract may be extended for a further six month's period by amendment to this Contract.

17.02 This Contract may be terminated by either party by giving written notice thereof to the other party at least thirty (30) days before the effective date of such termination, but in no case will this Contract be terminated before the initial sixty days have elapsed. Upon the expiration or termination of either the said lease agreement or this Contract, the aircraft and other property furnished by the United States Government, or purchased from the Contractor by the United States Government, and then remaining in the possession of the Contractor shall be returned to the United States Government (PEO/USOM/Laos) in

whatever condition then obtains, at a point in Laos to be designated by PEO/USOM/Laos; provided, that sufficient prior notice of termination of this Contract shall be given to Contractor to enable it to return said property, or Contractor shall be relieved from obligation to effect return of such property as it reasonably is unable to return within such period of notice. Contractor will use its best efforts to minimize expenses and commitments from the date of receipt of any notice of termination.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed as of the date first above written.

AIR AMERICA, INC.

UNITED STATES OPERATIONS  
MISSION TO LAOS

By /s/ Hugh L. Grundy  
Hugh L. Grundy  
President

By /s/ Alden C. Gilchrist

ATTEST: /s/ Clyde S. Carter  
Clyde S. Carter  
Secretary-Legal Counsel

WITNESS: /s/ W. H. Andrews

EXHIBIT "A" TO CONTRACT NO. ICA-39-007

PERSONNEL AND SALARY SCHEDULE

<u>Employee</u>	<u>Basic Rate</u>	<u>Hazardous area flying rate</u>
Pilot	\$35.85 per flight hour	\$10 per flight hour
Operations Manager	\$51.60 per day	\$ 5 per flight hour
Operations Clerk	\$18.00 per day	\$ 5 per flight hour
Maintenance Clerk	\$18.00 per day	\$ 5 per flight hour
Chief Mechanic	\$49.20 per day	\$ 5 per flight hour
Mechanics - all types	\$18.54 per day	\$ 5 per flight hour
Supply Personnel	\$18.00 per day	\$ 5 per flight hour
Accountant	\$20.02 per day	\$ 5 per flight hour