

MINUTES of the 131st Meeting of the Board of Directors of HAWKER SIDDELEY CANADA LTD., held in the Executive Offices of Hawker Siddeley Canada Ltd., 7 King Street East, Toronto, Ontario, on Tuesday, the 15th day of September, 1964 at 11:00 o'clock in the forenoon, Eastern Daylight Saving Time.

PRESENT: Mr. T.J. Emmert
Mr. A.A. Bailie
Hon. J.A. Brilliant
Air Marshal W.A. Curtis
Dr. O.M. Solandt
Mr. J.S.D. Tory, Q.C.
Mr. W.P. Scott
Mr. C.W. Webster

The President of the Company, Mr. T.J. Emmert, took the Chair and Mr. J. H. Ready, the Secretary of the Company, acted as Secretary of the Meeting.

MEETING CONVENED A quorum of the Directors being present and the proper notice having been given to all the Directors of the Company, the Meeting was declared to be regularly constituted.

MINUTES OF PREVIOUS MEETING On motion duly made, seconded, and unanimously carried IT WAS RESOLVED THAT the Minutes of the 130th Meeting of the Board of Directors held on the 16th day of June, 1964, be and the same are hereby approved.

FINANCIAL STATEMENTS JULY 1964 At the request of the Chairman, the Vice-President, Finance and Treasurer, tabled the information set out hereunder:-

FINANCIAL HIGHLIGHTS

	Seven Months to				
	July 31		Year	Year	Year
	<u>1964</u>	<u>1963</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>
1. Consolidated sales	\$ 131,462,609	121,407,564	220,137,798	227,669,824	219,456,738
2. Depreciation	6,062,599	6,159,203	10,053,359	11,388,364	12,284,794
3. Development expenditures	334,767	805,852	939,902	1,232,466	907,766
4. Income (loss) before taxes	4,419,004	2,772,527	6,435,690	3,114,479	(3,710,233)
5. Taxes on income	2,711,303	1,543,644	3,043,609	805,509	(718,163)
6. Minority interest	527,986	501,640	1,200,234	941,997	671,152
7. Net income (loss)	1,179,715	727,243	2,191,847	1,366,973	(3,663,222)
Per preferred share	8.43	5.19	15.66	9.76	(26.17)
Per common share	.087	.031	.17	.07	(.45)
8. Preferred dividends paid	402,514	402,514	805,028	805,030	805,030
Per preferred share	2.87½	2.87½	5.75	5.75	5.75

	Seven Months to July 31		Year	Year	Year
	<u>1964</u>	<u>1963</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>
9. Working capital	74,014,054	66,768,575	64,553,759	65,732,619	54,891,416
10. Capital expenditures	14,068,564	4,172,402	13,357,230	6,679,865	5,305,356
11. Invested in capital assets	292,920,404	271,012,545	280,056,458	273,089,170	293,676,161

Mr. Bailie commented on the figures for the seven month period ending July 31st, 1964 and compared those results with the results for the same period in 1963.

ORENDA INC. Mr. Emmert, in referring to ORENDA INC., stated at the time of his last report to the Board of Directors, the full extent of the losses at ORENDA INC. were not known, and whilst still not fully known, it appears now that the loss will be in excess of \$2 million, with sales for the year of approximately \$5 million. The loss when consolidated with accounts of the Agency of Canadian Car and Foundry Company Limited will probably produce an after tax loss of approximately \$2 million.

Mr. Emmert then informed the Board that Messrs. D.G. Kettering and J. Turner have agreed to transfer to ORENDA INC. for an indefinite period and that Mr. Kettering will be Chairman and President of the Company with Mr. Turner as Executive Vice-President. Mr. Kettering has advised that with forecasted sales of \$7 million for the year 1965, ORENDA INC. will break even.

Mr. Emmert then explained the re-organization of ORENDA DIVISION, and the creation of a Division to be known as INDUSTRIAL GAS TURBINE DIVISION, which will be under Mr. Kettering and will be responsible for the world-wide sale of Industrial Gas Turbines. Mr. F.P. Mitchell will continue to be responsible for the Engineering Division and will assume full responsibility for the Vending Division and Orenda Division with Mr. Avery reporting to Mr. Mitchell. Mr. Avery will continue as Vice-President of Hawker Siddeley Canada Ltd., and General Manager of ORENDA DIVISION.

PREFERRED SHARE DIVIDEND The Chairman stated that it would be in order to consider the declaration of the quarterly dividend payable on the 5 3/4% Cumulative Convertible Redeemable Preferred Shares and due on the 2nd day of October, 1964.

After discussion and on motion duly made, seconded and unanimously carried IT WAS RESOLVED:-

That a Dividend of One Dollar and Forty-three and Three-quarter Cents (\$1.43 3/4¢) per share on the outstanding 5 3/4% Cumulative Convertible Redeemable Preferred Shares of the Company be and the same is hereby declared payable on the 2nd day of October, 1964 to shareholders of record at the close of business on the 23rd day of September 1964, being a dividend on such shares at the rate of 5 3/4% per annum for the quarterly period ending the 2nd day of October, 1964.

COMMON SHARE DIVIDEND After discussion, it was agreed that a dividend on the Common Shares of the Company be omitted for the quarterly period ending on the 2nd day of October, 1964.

PURCHASE OF SHARE CAPITAL OF HAWKER SIDDELEY DIESELS & ELECTRICS LTD. (Formerly ORENDA INDUSTRIAL LIMITED) BY HAWKER SIDDELEY INTERNATIONAL LTD.

The Chairman informed the Board that after discussions with Sir Arnold Hall, it was agreed that the ORENDA franchise for the sale of Diesels & Electrics produced by Mirrlees & Brush should be cancelled and that the sale in Canada of this equipment should be continued by a Subsidiary of HAWKER SIDDELEY INTERNATIONAL LTD. In order to facilitate the transfer of assets to a corporate entity, it was agreed that the dormant subsidiary, ORENDA INDUSTRIAL LIMITED, would be sold to HAWKER SIDDELEY INTERNATIONAL LTD., and the name changed to HAWKER SIDDELEY DIESELS & ELECTRICS LTD.

On motion duly made, seconded and unanimously carried, IT WAS RESOLVED THAT:-

1. The Company, through its proper officers, be and it is hereby authorized to conclude an agreement with HAWKER SIDDELEY INTERNATIONAL LTD. for the purchase of the Share Capital of HAWKER SIDDELEY DIESELS & ELECTRICS LTD. (formerly ORENDA INDUSTRIAL LIMITED) a wholly-owned subsidiary of the Company, such purchase to have effect from the 1st day of September, 1964.
2. The Directors and/or proper officers of the Company be and they are hereby authorized to do all acts and things and to sign and execute under the corporate seal of the Company or otherwise

all further instruments that may be necessary, expedient or advisable for the purpose of giving effect to and carrying out the said Share Capital purchase of HAWKER SIDDELEY DIESELS & ELECTRICS LTD.

3. The proper officers of the Company be and they are hereby authorized to conclude an agreement with HAWKER SIDDELEY INTERNATIONAL LTD. for the purchase of the complete inventory of Diesels & Electrics, together with all spare parts, contracts in progress, accounts receivable, office furniture and equipment, warehouse equipment and all liabilities in connection with the operation of the Diesels & Electrics business owing to the subsidiaries of HAWKER SIDDELEY GROUP LTD., all at a price to be negotiated with the purchaser.

RETIREMENT INCOME PLAN - HAWKER SIDDELEY CANADA LTD. The Vice-President, Finance & Treasurer submitted a proposal to have HAWKER SIDDELEY DIESELS & ELECTRICS LTD. designated by the Board of Directors as a company participating in the HAWKER SIDDELEY CANADA LTD. "Retirement Income Plan".

On motion duly made, seconded and unanimously carried IT WAS RESOLVED THAT HAWKER SIDDELEY DIESELS & ELECTRICS LTD. be and it is hereby designated as a Company participating in the Retirement Income Plan of HAWKER SIDDELEY CANADA LTD., effective the 1st day of September, 1964.

AUTHORIZATION FOR OFFICERS AND DELEGATES OF OFFICERS TO ANSWER QUERIES IN COURT OF LAW, ON BEHALF OF THE COMPANY (Province of Quebec)

The Secretary explained that in the Province of Quebec when a Writ of Garnishment or an attachment is issued against a Company, an officer of a Company, or a person delegated by an officer, must appear in Court and make a declaration as to the amount of pay of an employee whose wages are being garnished, and must deposit with the Court the amount of the garnishment. Such officer or person is required to produce in Court a Resolution of the Board of Directors authorizing him to make a declaration on behalf of the Company.

On motion duly made, seconded and unanimously carried IT WAS RESOLVED THAT the President, any Vice-President, Secretary, Treasurer, Secretary-Treasurer, any Assistant Secretary and any Assistant Treasurer and any other officer or person nominated for the purpose by the President or any Vice-President are, and each of them is, authorized and empowered to appear and make answer for, on behalf

and in the name of the Company to all Writs, orders and interrogatories upon articulated facts out of any Court and to declare for, on behalf and in the name of the Company, any answer to Writs or attachments by way of garnishment in which the Company is garnishee and to make all affidavits and sworn declarations in connection therewith or in connection with any and all judicial proceedings to which the Company is a party and to make demands of abandonment or petition for winding-up or bankruptcy orders upon debtor of the Company and to attend and vote at all meetings of creditors of the Company's debtors and grant proxies in connection therewith.

ORENDA INC. - RETIREMENT INCOME PLAN The Chairman informed the Board that since the United States Internal Revenue Service had found some of the features of the HAWKER SIDDELEY CANADA LTD. Retirement Income Plan unacceptable for tax purposes, a separate Retirement Income Plan for employees of ORENDA INC., which is acceptable to the Internal Revenue Service, has been approved. Accordingly, the Resolution of the Board of Directors passed on the 5th day of June, 1963 designating the employees of ORENDA INC. as a participating subsidiary in the HAWKER SIDDELEY CANADA LTD. Retirement Income Plan, should be rescinded.

On motion duly made, seconded and unanimously carried, IT WAS RESOLVED THAT the Resolution passed at the Board of Directors Meeting on the 5th day of June, 1963 in respect only of the inclusion of ORENDA INC. as a participating subsidiary in the Retirement Income Plan of HAWKER SIDDELEY CANADA LTD. be and it is hereby rescinded with effect from the 5th day of June, 1963.

RETIREMENT PENSION PLAN OF CANADIAN CAR AND CANADIAN STEEL FOUNDRIES DIVISIONS OF HAWKER SIDDELEY CANADA LTD.

The Vice-President, Finance and Treasurer explained certain proposed amendments to the Retirement Pension Plan of the CANADIAN CAR AND CANADIAN STEEL FOUNDRIES DIVISIONS OF HAWKER SIDDELEY CANADA LTD.

On motion duly made, seconded and unanimously carried IT WAS RESOLVED THAT the amendments to the Retirement Pension Plan of CANADIAN CAR AND CANADIAN STEEL FOUNDRIES DIVISIONS OF HAWKER SIDDELEY CANADA LTD. as set forth in Schedules "A" and "B" attached to the Minutes of this Meeting of the Board of Directors be and they are hereby approved and adopted with amendments to be effective on and after the dates shown in the said Schedules "A" and "B".

RETIREMENT PENSION PLAN OF CANADIAN CAR AND CANADIAN
STEEL FOUNDRIES DIVISIONS OF HAWKER SIDDELEY CANADA LTD.
- EMPLOYEE DESIGNATION

The Vice-President, Finance & Treasurer informed the Meeting that former employees of the CANADIAN CAR DIVISION employed at the Dominion Industrial Building are now employed as maintenance staff by the Glengarry Corporation Limited, a subsidiary of Westmount Realities Limited (rental agents for the Dominion Industrial Building). As these employees participated in the Retirement Pension Plan of the CANADIAN CAR AND CANADIAN STEEL FOUNDRIES DIVISIONS OF HAWKER SIDDELEY CANADA LTD. for many years, it is proposed that such former employees should continue to participate in the Retirement Pension Plan.

On motion duly made, seconded and unanimously carried,
IT WAS RESOLVED THAT:-

(a) the Glengarry Corporation Limited be and it is hereby designated as a participating Company in the Retirement Pension Plan of CANADIAN CAR AND CANADIAN STEEL FOUNDRIES DIVISIONS OF HAWKER SIDDELEY CANADA LTD.; and

(b) former employees, namely:-

181529	Blain Andre	Maintenance Steamfitter
186716	Boileau Benoit	Crane Operator & Labourer
438618	Gauvreau Adrien	Boiler Repairman
444204	Gerard Francis	2nd Class Stationary Engr.
471070	Greenwood George	Guard
490621	Hanna Thomas	Guard
493148	Harwood Walter C.	Maintenance Electrician
502591	Himbeault Edmond	Brakeman
504054	Hogue Emile	Maintenance Steamfitter
515093	Jackson Alex W.	Maintenance Electrician
678550	McDonald Angus	Guard
727095	O'Neil James	2nd Class Stationary Engr.
818998	Rivest Rosario	Slinger & Labourer
822057	Robertson Earl	Chief Guard
842007	Rufiange Ovide	Maintenance Steamfitter
892414	Stusyk Nick	Guard
960476	Weatherby Martin	2nd Class Stationary Engr.

of the CANADIAN CAR DIVISION of HAWKER SIDDELEY CANADA LTD., who were formerly participants under the Retirement Pension Plan of CANADIAN CAR AND CANADIAN STEEL FOUNDRIES DIVISIONS OF HAWKER SIDDELEY CANADA LTD., and who are now employed by the Glengarry Corporation Limited, a wholly-owned subsidiary of Westmount Realities Limited for the purpose of maintaining the Dominion Industrial Building, be and they are hereby designated

as employees for purposes of the aforementioned Retirement Pension Plan; and

(c) the employees mentioned in paragraph (b) shall cease to be designated as an employee for the purposes of the Retirement Pension Plan of CANADIAN CAR AND CANADIAN STEEL FOUNDRIES DIVISIONS OF HAWKER SIDDELEY CANADA LTD., upon termination of his work at the Dominion Industrial Building.

LETTERS OF RESIGNATION The Secretary submitted to the Meeting a letter from Dr. O.M. Solandt in which he tendered his resignation as a Vice-President of the Company and a letter from Mr. P.Y. Davoud in which he tendered his resignation as a Vice-President of the Company, both such resignations to be effective the 30th day of June, 1964.

The resignations of Dr. O.M. Solandt and Mr. P.Y. Davoud were noted and accepted by the Board.

CANADIAN STEEL IMPROVEMENT LIMITED The Chairman referred to a Resolution passed by the Board on the 17th day of September, 1963, which authorized the proper officers of the Company to take such action, if and when considered necessary, to purchase the assets of CANADIAN STEEL IMPROVEMENT LIMITED. Mr. Emmert stated that the time has now arrived to make this Company a Division of HAWKER SIDDELEY CANADA LTD.

DOMINION COAL COMPANY LIMITED The Chairman stated that in his opinion the time has arrived to consider the future of the DOMINION COAL COMPANY LIMITED, particularly in view of the fact that the operation of the mines will not produce commercial profit. There is great pressure to open a new mine in the Lingan area which, if operated with new equipment, would produce coal at substantially less than the current cost of \$10.00 per ton. Mr. Emmert stated that it would cost between \$12 and \$15 million to open and mechanise Lingan, and further, as Lingan goes under the sea, the cost of each ton of coal produced will increase as the mine is worked.

Mr. Emmert stated that in his opinion, action must be taken to dispose of Dominion Coal Company Limited, but that he did not wish to embark on this project unless he had the full concurrence of the Board.

After discussion, the Board agreed with Mr. Emmert's view in respect of the disposition of the Dominion Coal Company Limited.

DOSCO STEEL LIMITED The Chairman reviewed future plans for increasing the capacity of DOSCO STEEL LIMITED and informed the Board that he would keep the Premier of Quebec advised of such future plans.

WABANA MINES In respect of the Wabana Mines, the Chairman informed the Board that DOSCO INDUSTRIES LIMITED is spending approximately \$600,000 this year on research for the purpose of determining whether by special process the Wabana Ore can be processed so that it will be a competitive product. Of the total cost of the research programme, the Atlantic Development Board will contribute approximately \$150,000 and after tax allowances the cost of the programme to DOSCO INDUSTRIES LIMITED will be approximately \$100,000.

TERMINATION OF THE MEETING There being no further business, the Meeting then terminated.

Chairman

Secretary