

BENEFITS DUE TO DEATH, INJURY, CAPTURE OR INTERNMENT

A. DEATH BENEFIT

1. Employment Status:

The employment status of an employee of the Company and his entitlement to salary or wages will terminate as of the date of the death of such employee.

2. Benefits:

a. Line of Duty - Non-U.S. Citizen

- (1) When in the opinion of the Board of Review, hereinafter referred to, the death of an employee who is not a U.S. citizen occurs as a direct result of the performance by him of the duties assigned to him by competent authority within the Company his estate, or his beneficiary designated in accordance with and subject to the provisions of "A.3." below, shall, subject to the provisions of paragraph "A.4." below, be paid a death benefit in accordance with the following schedule:

<u>Category of Employee</u>	<u>Benefit*</u>
Employee on foreign payroll	US\$10,000
Member of flight crew not listed on foreign payroll	US\$ 5,000
Employee not listed on the foreign payroll and not member of flight crew whose monthly salary is:	
<u>Those stationed outside of Taiwan</u>	
Not more than US\$99.99	US\$ 1,000
From US\$100 to US\$199.99	US\$ 2,000
From US\$200 to US\$299.99	US\$ 3,000
From US\$300 to US\$399.99	US\$ 4,000
US\$400 and over	US\$ 5,000
<u>Those stationed on Taiwan</u>	
Not more than NT\$3,699	NT\$ 37,000
From NT\$3,700 to NT\$7,299	NT\$ 72,000
From NT\$7,300 to NT\$10,899	NT\$108,600
From NT\$10,900 to NT\$14,499	NT\$144,800
NT\$14,500 and over	NT\$180,900

*The prescribed death benefit may, at the Company's discretion and with the consent of the recipient beneficiary or his authorized representative, be paid in a currency other than that shown above.

- (2) In the event that the death of an employee who is not a U.S. citizen shall occur in the course of and as a direct result of the performance by him of extra-hazardous duty assigned to him by competent authority

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within the Company, the amount of the benefit paid to his estate or to his beneficiary shall be twice the amount set forth in the schedule contained in "A.2.a.(1)" above provided that the death of the employee resulted directly from the hazards making the duty extra-hazardous. Such double amount shall not be payable if the death of the employee resulted from any normal cause connected with the duty but not constituting one of the hazards causing the duty to be designated as "extra-hazardous"; provided, that, upon the recommendation of the President, the Board of Directors may authorize the payment of such double amount in the event of the death of an employee in the line of duty despite the fact that the duty being performed may not have been designated as extra-hazardous at the time of the assignment of the employee to such duty or despite the fact that the death of the employee did not result directly from the hazards causing the duty to be designated as extra-hazardous. "Extra-hazardous" duty, for the purpose of this "A.2.a.(2)" is duty defined as extra-hazardous by the President, or by his designee in writing for that purpose, at the time the employee concerned was assigned thereto.

b. Line of Duty - U.S. Citizen

- (1) When, in the opinion of the Board of Review, the death of an employee who is a U.S. citizen arises out of and in the course of his employment, the death benefits provided for in the Longshoremen's and Harbor Workers' Compensation Act (33 USC §§ 901 et seq) as extended by the Defense Base Compensation Act (42 USC §§ 1651 et seq) (hereinafter referred to jointly as the "Acts") will be paid on a monthly basis to his qualified survivors and dependents as specified in the Acts. The amount and duration of such benefits shall be determined by the provisions of the Acts as they now provide or may hereafter be amended, and the regulations issued thereunder. Except where modified herein, the provisions of the Acts shall be applied in determining and paying the death benefits hereunder and insofar as practicable the procedures and machinery set up to administer the Acts and resolve controversies arising thereunder shall be utilized.
- (2) At the request of the survivors and dependents entitled to monthly death benefit payments pursuant to "A.2.b.(1)" above, and with the approval of the U.S. Department of Labor in accordance with Section 914(j) of the Longshoremen's and Harbor Workers' Compensation Act, the Company will make a lump sum payment or payments to such survivors and dependents in an amount or amounts equal to the present value of future monthly payments computed in accordance with the provisions of Section 914(j); provided, that such lump sum payments shall be not less than the death benefits which would be payable under Paragraph "A.2.a." hereof with each such survivor or dependent to receive an amount proportionate to what his participation would be in the aggregate of all lump sum payments computed in accordance with Section 914(j). Lump sum payments under this "A.2.b.(2)" shall be in lieu

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of said monthly death benefit payments and in full settlement and discharge of any liability for the death of the employee in question. Although the right to elect such lump sum payment in lieu of the monthly payments and the obligation to obtain approval thereof from the U.S. Department of Labor rests solely with the survivors and beneficiaries, the Company will assist the survivors and beneficiaries with their application for such approval. This election to seek a lump sum payment in lieu of the monthly death benefit payments can be made at any time; provided however any payments made to survivors and dependents pursuant to "A.2.b.(1)" will be deducted from any lump sum payable hereunder.

- (3) The death benefit provisions of paragraph "A.2.a." above shall apply in those cases where no death benefits are payable under this paragraph "A.2.b." due to the lack of any qualified survivors and dependents of the deceased U.S. citizen employee as specified in the Acts.

(NOTE: The Act provides for compensation payment(s) to certain specified survivors including a wife, a dependent husband; children under the age of 18 years; dependent parents and grandparents; and dependent brothers, sisters, and grandchildren under the age of 18 years.)

c. Not in Line of Duty

- (1) In the event of the death of an employee while in the service of the Company occurring not as a direct result of the performance by such employee of the duties assigned to him by competent authority within the Company, and not as a result of his own misconduct, the Company will pay to the estate of the employee or to his designated beneficiary in accordance with "A.3." below and subject to the provisions of "A.3." and "A.4." below, a benefit in an amount determined by the Board of Review which amount shall not exceed a sum equivalent to more than three times his current monthly compensation.

- (2) "Compensation" shall mean total remuneration received by an employee from the Company for employment including, where applicable, pay, salary, wages, longevity pay, position allowance, and flight pay time remuneration as defined in Payroll Procedure 5-8, Paragraph II of the Accounting Manual, exclusive of cost of living allowances and Year-End Bonus, (except that cost of living for Japanese in Japan and Koreans in Korea will be included).

3. Designation of Beneficiary and Payment of Benefits

- a. If the employee shall have filed with the Company prior to his death, on the form and in the manner prescribed by the Company, a designation of a beneficiary to whom death benefits shall be paid, the death benefit provided for in paragraphs "A.2.a.", "A.2.b.(3)" and "A.2.c.", except as provided in paragraph "A.3.b." below, shall be paid to the beneficiary so designated.

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b. In the event the employee shall not have filed such a designation of beneficiary or if, in the judgment of the Board of Review, payment of the benefit to such designated beneficiary is preempted or precluded by law or would not absolve the Company of all liability for the death of said employee, or such payment would be impractical or impossible, the death benefit provided for in paragraphs "A.2.a.", "A.2.b.(3)" and "A.2.c." may be paid by the Company to such person or persons who furnish the Company with certified copies of their appointment as the legal representative or representatives of the estate of the said employee; provided, that in the event any law or any regulation having the effect of law shall prescribe the persons to whom such payment(s) shall be made, the Company shall pay such prescribed persons who qualify therefor pursuant to such law or regulation. Upon the making of any such payment to the designated beneficiary or to the legal representative of the deceased employee, the Company shall be released from any and all further obligations or liability whatsoever.

4. Other Legal Provisions

In the event any law, or governmental regulation or provision having the force of law, shall require the Company to make any payment as a result of or in connection with the death of an employee covered by the provisions of this Section "A", then any amount which would be payable by the Company under this Section "A" shall be reduced by the amount required to be paid by any such law, regulation or provision. The benefit's payable by the Company under this Section "A" shall be reduced by the amount of any benefits or compensation paid, payable or received by or on behalf of the employee, his dependents, survivors, beneficiaries or estate pursuant to the War Hazards Compensation Act (42 USC §§1701 et seq) or any similar law, regulation or provision having the force of law. In the event the benefits paid hereunder are not so reduced and the employee, his dependents, survivors, beneficiaries or estate or someone on their behalf receives benefits or compensation pursuant to the War Hazards Compensation Act or similar law, regulation or provision having the force of law, the benefits or compensation so received shall be paid over to the Company by the recipient thereof up to the amount of benefits paid hereunder.

5. Release

Payment of any of the benefits provided by this Section "A" shall be made only upon receipt by the Company of an appropriate release or releases from any and all further obligations or liability whatsoever.

B. CAPTURE OR INTERNMENT BENEFITS

1. Benefits

a. Compensation

An employee who is captured, interned, held as a hostage of war by a foreign government or force, or is missing, as a direct result in the opinion of the Board of Review of the performance by such employee of

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the duties assigned to him by competent authority within the Company, shall be entitled to a benefit from the Company equal to his current monthly "Compensation" (see paragraph "A.2.c.(2)" above for explanation of "Compensation") for the period during which he is so interned, captured, held as a hostage of war, or is missing, until the total benefit paid or payable by the Company has attained an amount equal to the death benefit prescribed for extra-hazardous duty set forth in "A.2.a.(2)" above (NOTE: "A.2.a." above shall apply to employees who are U.S. citizens for the purpose of computing amounts payable under this "B.1.a."). Such benefit shall be in lieu of all salary, wages, overtime pay, allowances for expenses or per diem, which might otherwise be payable to such employee during the period of his capture, internment, imprisonment, or being missing under any Company policy existing at the time, and such benefit shall be reduced by the amount of any benefits paid or payable under Section A. and Section C. hereof (including paragraphs "A.4." and "C.2.") and by the amount of any benefits or compensation paid, payable or received by or on behalf of the employee, his dependents, survivors, beneficiaries and estate pursuant to the War Hazard's Compensation Act or any similar law, regulation or provisions having the force of law. In the event the compensation paid hereunder is not so reduced and the employee, his dependents, survivors, beneficiaries and estate or someone on their behalf is paid or receives benefits or compensation pursuant to the War Hazards Compensation Act or similar law, regulation or provision having the force of law, the benefits or compensation so received shall be paid over to the Company by the recipient thereof up to the amount of compensation paid hereunder.

b. Accrual of Leave and Longevity (Where Applicable)

An employee so captured, interned, held as a hostage of war, or missing, as a direct result of the performance by such employee of the duties assigned to him by competent authority within the Company, shall continue to accrue leave benefits and longevity increases (where applicable), during the period in which compensation is allowed as provided for in "B.1.a." above, and, for this purpose only, the time during which such compensation was allowed shall be considered a period of service with the Company; provided, that the employee's participation in any Company retirement plan during such period shall be continued subject to the terms of the plan. At the expiration of such period, all such benefits will be terminated and included for consideration in any monetary settlements to be made. The provisions relating to forfeiture set forth in the "Annual Leave" Section, "Leaves" Chapter of this Personnel Manual shall not apply during such periods of capture, internment, imprisonment, or missing.

2. Payment of Benefits

If an employee entitled to benefits in accordance with the terms of "B.1." above shall have filed with the Company prior to his capture, internment, being taken as a hostage, or disappearance, a designation of a beneficiary on the form prescribed by the Company, the benefits provided for herein shall be paid to such beneficiary upon his or her appropriate identification of

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themselves to the Company as the beneficiary so named. In the event that such employee shall not have filed such a designation of beneficiary with the Company or in the event the person so designated as beneficiary fails or is unable to appropriately identify himself to the Company as the beneficiary so designated or if, in the judgment of the Board of Review, payment of such benefits to such beneficiary is impractical or impossible, or would not absolve the Company of further liability, the benefits provided for in "B.1.a." above shall be credited to the employee on the books of the Company and thereafter held for the account of the employee without interest. In the event the benefits to be paid hereunder are reimbursable under the War Hazard's Compensation Act or any other law or government regulation or provision having the force and effect of law, then disbursement of such benefits shall be made in accordance with such Act or other law, regulation or provision.

3. Death While Captured or Missing

If evidence is submitted to the Board of Review which establishes to its satisfaction that an employee has died while captured, interned, held as a hostage of war by a foreign government or force, or missing and before the total benefit to which such employee is entitled under the terms of "B.1." above shall have become due and payable, upon such determination of death by the Board of Review all payments or credits pursuant to "B.1." above shall cease and the death benefit provisions of Section "A" of this "Termination" Chapter shall be applied subject to the reduction of any death benefit which would be or would have been applicable as a result of the death of such employee by an amount equivalent to payments made pursuant to "B.1." above.

4. Other Legal Provisions

In the event any law, or governmental regulation or provision having the force of law, shall require the Company to make any payment as a result of or in connection with the capture, internment or absences of an employee covered by the provisions of this Part "B", then any amount which would be payable by the Company under this Part "B" shall be reduced by the amount required to be paid under such law, regulation or provision.

5. Release and Indemnity

Payment of any compensation benefits provided by this Section "B" shall be made only upon receipt by the Company of an appropriate release or releases from any and all further obligations or liability whatsoever and, where paid to other than the employee, proper indemnification.

C. INJURY BENEFITS

1. Benefits

For purposes of administration and compensation of benefits payable to employees suffering injury in line of duty, the provisions of applicable statutes governing compensation of workers for such injuries within the Republic of China

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shall apply except where local government statutes make it compulsory for such cases to be dealt with according to the provisions of such local statutes; provided, that for employees who are U.S. citizens the provisions of the Longshoremen's and Harbor Workers' Compensation Act as extended by the Defense Base Compensation Act will be applied. The benefits payable or provided by the Company under this Section "C" shall be reduced by the amount of any benefits or compensation paid, payable or received by or on behalf of the employee, his dependents, survivors, beneficiaries or estate pursuant to the War Hazard's Compensation Act or any similar law, regulation or provision having the force of law. In the event benefits paid or provided hereunder are not so reduced and the employee, his dependents, survivors, beneficiaries or estate or someone on their behalf receives benefits or compensation pursuant to the War Hazard's Compensation Act or similar law, regulation or provision having the force of law, the benefits or compensation so received shall be paid over to the Company by the recipient thereof up to the amount of benefits paid hereunder.

2. Other Legal Provisions

In the event any law, or governmental regulation or provision having the force of law, shall require the Company to make any payment or provide any other benefit as a result of or in connection with the injury of an employee covered by the provisions of this Section "C", then any benefits which are to be paid or provided under this Section "C" shall be reduced by the amount required to be paid or provided by any such law, regulation or provision.

3. Release and Indemnity

Payment or provision of any benefit provided by this Section "C" shall be made only upon receipt by the Company of an appropriate release or releases from any and all further obligations or liability whatsoever and where paid to other than the employee, proper indemnification.

D. The Company reserves the right to act as a self-insurer for payment of the benefits provided hereinabove in this Chapter or, at its sole discretion, to procure other insurance to cover its obligations and undertakings herein, or any of them, including the making of periodic payments provided for by the provisions of this Chapter, and any payment by any such other insurer shall be equivalent to payment by the Company hereunder. Further, in the event the Company shall contribute wholly or partially to the premium payment(s) of insurance for any employee or group of employees which insurance provides benefits or payments for the death, injury, or capture or internment of such employee(s), the amounts provided for in Sections "A", "B" and "C" above shall be reduced by the amount payable by such insurance for such death, injury, or capture or internment.

E. BOARD OF REVIEW

The Board of Review hereinabove referred to shall consist of the President who shall preside as Chairman, the Treasurer-Controller, the Vice President-Secretary and Legal Counsel, and the Director of Personnel who shall serve as Secretary.

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Decisions of the Board of Review on matters considered by it in accordance with the provisions of this Chapter shall be final and not subject to further review.

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