

June 30, 1952

Board of Directors  
CAT Incorporated  
Suite 509 Kass Building  
Washington 5, D. C.

Gentlemen:

In view of my expressed desire to withdraw as President and operating head of CAT Incorporated as soon as this can be accomplished in a way which will insure continuity of executive management, this letter is intended to express to you my views as to how this best can be accomplished and the part which I believe I can take in attaining this end.

I would use my best efforts and personal relations to arrange for a permanent successor and to define his relationships with the other key men in the organization. It is my belief that we have within the organization several highly talented younger men, any of whom have the potential qualities to lead the business. Selection of the best one and his preparation for such an assignment is something that I feel well qualified to guide on account of my familiarity with each of them and the prestige which I enjoy with them.

In the interim or transition period, the present Acting President should continue to act as such with full authority as operating head of the business.

I would assume the title of Vice-Chairman with responsibilities to the Board for special assignments as designated by the Board. In the line of such special assignments which the Board might assign to me, I would recommend the following:

✓ (a) Investigation of the possibilities for expansion, for the development of routes and rights in new areas and under new flags, and negotiation for these rights and routes;

✓ (b) Negotiation, in coordination with General Chennault, of renewals of the Chinese franchise, which is now on an annual basis;

✓ (c) Liaison, in coordination with General Chennault, with the Chinese Government on matters of high company policy;

✓ (d) Study and recommendation of rearrangements in the corporate structure resulting from the acquisition of new routes and rights;

✓ (e) To inform the Board and consult with them concerning developments arising out of the Hong Kong litigation which could affect CAT's interests.

Certain detail changes in the terms of my letter contract with the company, dated July 10, 1950, would be necessary in order to carry out this program. These should include:

(1) Deletion in the first paragraph of the description of my position as "President and Managing Director" and substitution therefor of "Vice-Chairman of the Board of Directors";

(2) Deletion of paragraph 1.a.;

(3) Deletion in paragraph 1.b. of the words "major business or operational";

(4) Deletion of paragraph 1.d.;

✓ (5) Deletion of paragraph 1.i. and the substitution therefor of the following: "Be consulted in connection with and have the authority to concur in or disapprove all major personnel actions affecting employees of the company of the rank of Division Director and above.";

(6) Deletion of paragraph 1.j.;

(7) Deletion of paragraph 1.k.

I am, moreover, aware of the situation which will arise upon the termination of my active participation in the management of the company. In order to meet this situation, I will agree to the following in connection with my relations with the company after my present contract, as amended hereby, has been terminated:

(a) At your request, I will continue to serve as a Director and Vice-Chairman of the Board of Directors of the company for so long as the franchise from the Chinese Government under which the company is now operating, or any modifications thereof, runs to

individuals rather than to the company, or for so long as my present vestigial rights in the company continue, whichever is longer.

(b) I will exert my best efforts as often as may be necessary to secure for the company continuing rights from the Chinese Government to enable it to continue present operations.

(c) For a period of five (5) years after that date, I will not, directly or indirectly, compete nor participate in any way in any new enterprise which competes with the company in the area between the 68th East and 180th meridians of longitude, except as may be required under commitments heretofore entered into by me with Civil Air Transport, Inc. or CAT, S.A. In the latter event, such action will be taken in such a manner as, in the opinion of the Board of CAT Incorporated, will least interfere with the success of the company.

I trust that the foregoing accords with your views as to an appropriate method of dealing with this problem and that I will be hearing from you soon.

Very sincerely,

Whiting Willauer