

*No copy retained
by Willauer.
Please send
him next to keep
his file complete
W.W.*

file

November 20, 1950 HR70-14

To: Board of Directors C.A.T. Inc.

From: President

1. Receipt is acknowledged of a set of so-called policy instructions from the Chairman of the Board of Airedale Corporation dated 8 November, covering the matter of the renewal of our 1950 operating franchise. It is assumed that in sending these instructions from Airedale directly to me, the President of C.A.T. Incorporated, you are simply disregarding the corporate fiction and shortcutting the more usual procedure of having stockholders make their wishes known through the votes of Boards of Directors of the Corporation actually in question.

2. I can obey your instructions in all matters except that of attempting the renewal in the name of C.A. T. Incorporated instead of Chennault and Willauer.

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is to the
number.*

A renewal in the name of Chennault and Willauer, because of a clause 17 of the 1950 contract will in fact give you the same legal protection as a renewal directly in the corporate name.

The Chinese Government psychology is such, as we have ascertained by direct inquiry already made and reported to you orally in the field, that were I to ask for renewal directly in the corporate name the following results would surely be caused.

a. Long delay in completion of negotiations.

b. Imposition of onerous control terms on the new corporation such as with reference to ownership of stock and general control of its business.

While in the long run, and with all the pressures which we could assert, we might eventually reduce these onerous provisions to a minimum, we just do not have time to do so in view of the most immediate urgency to renew our contract and extricate our assets from Formosa.

Please therefore amend my instructions accordingly.

/s/ Whiting Willauer
WHITING WILLAUER
President

APPROVED FOR
RELEASE DATE:
09-Oct-2009

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62-8-14