

MEMORANDUM

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TO: BOARD OF DIRECTORS, CAT INCORPORATED

SUBJECT: REPORT OF MANAGEMENT COMMITTEE

The following is a summary of the deliberations of the Management Committee of CAT Incorporated at its meetings of July 11, and 17, 1952:

Paragraph 1 - Revision of CAT Relationship with Airdale Corporation:

Deferred pending sundry conferences with officials of Airdale Corporation.

Paragraph 2 - Proposed Plan for Financing Purchases for CAT by Slick Airways, Inc.

Upon receipt of a communication from Slick Airways, Inc. stating their unwillingness to adhere to any plan other than the furnishing by CAT of a Letter of Credit available to Slick upon presentation of a Clean sight draft unsupported by documents, it was decided to present this problem to certain directors of Slick in an effort to impress upon them the reasonableness of the plan proposed by this Company. This matter is now in a pending status.

Paragraph 3 - Aircraft Overseas Packing Service:

In answer to an inquiry by Mr. A. Robert Lee, the Committee directs that Mr. Lee be instructed by the Secretary to maintain AOPS operations as currently being conducted. Such operations now give priority to CAT Materials, and AOPS attempts to develop other business within other company capabilities.

Paragraph 4 - Expansion of Company's Political Base

This moving problem received the attention of the Committee at each of its meetings, and the firm of Jones & Gillies has been requested to prepare for presentation to the Board of Directors a study in outline form depicting the fields of inquiry which must be canvassed if an appropriate decision is to be made by management with respect to the securing of new franchise rights, routes and the type of equipment required to implement such rights

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and routes. The committee recommends to the Board of Directors
✓ CAT Incorporated form as soon as possible a Chinese company having
✓ nominal indigenous participation. The committee further recommends
to the Board of Directors that affirmative plans be developed by the
Company looking towards the securing at the earliest possible date
of additional franchise rights with particular reference to New Zealand
and the Portuguese Empire.

Paragraph 5 - Contracts with Key Executive Personnel

The committee has given attention to the desirability of the execution
of contracts between the Company and selected key personnel looking
toward the stabilization of the employment of such individuals with
the Company. The committee has tentatively concluded that such con-
tracts should be for the period of one year and be subject to automatic
renewal in lieu of notice of termination given by either party at least
six months in advance of the termination of such contracts. The com-
mittee also gave consideration to the possibility of inclusion in such
contracts of standard forms of non-competitive agreements. This matter
is in a pending status until the views of General Chennault and Messrs.
Willauer and Cox have been ascertained.

Paragraph 6 - CNAC-CATC Litigation

The effect on CAT of the successful conclusion of the above litigation
has received the attention of the committee. The committee has directed
the Secretary to place this matter upon the Agenda of the meeting of the
Board of Directors to be held on July 21, 1952, in order that this matter
may be made the subject of discussions by the full Board.

Paragraph 7 - Inventory and Franchise Problems

In order to obtain a clear and comprehensive exposition of the problems
of the Company arising out of its current operating franchise, as well

as its chain of title to its assets, the General Counsel was requested to prepare a memorandum relating to such subjects. Such memorandum has been the subject of extended discussion by the committee as a result of which the General Counsel has been instructed to discuss all such problems with the Company's predecessors in title in an effort to seek logical means whereby such problems may be either solved, or alleviated once and for all. Upon the conclusion of such discussions, the conclusions and recommendations resulting therefrom will be referred to the Board of Directors for their approval.

Respectfully submitted,


WARD M. FRENCH
Secretary

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