

August 2, 1961.

PRIVATE & CONFIDENTIAL

Dear Sir Roy:

Ted Emmert and I have met this morning to go over the enclosed contract and other papers regarding the changes in the By-Laws and the Canadian members of the Board of Directors.

The enclosed contract is dated July 21st, which is the date of my letter to Ted informing him that if the changes you had suggested were made, I felt that we could be reasonably sure of entering into the agreement.

The changes in the By-Laws covered in the letter are similar to the draft prepared by John Tory which I sent you on July 17th.

Item two, on page 3, dealing with the Incentive Plan is general in scope, details would be worked out at a later date but along the lines we have discussed. One of the features Ted has in mind would be deferred benefits from the Incentive Plan, a portion to be paid after the officer's retirement. This has an advantage for both the company and the employee. It acts as a means of keeping good employees in the company and it increases the employee's income after retirement, when he is not subject to such heavy income tax.

The other undertaking to drop a Director from the Board is of the utmost importance. I queried this again and suggested that possibly Ted would change his mind after working with the Board from now until the end of our financial year. This would definitely not be acceptable and unless it is agreed to, there is no use considering the main contract at all.

....2

PRIVATE & CONFIDENTIAL

Sir Roy H. Dobson, C.B.E.

August 2, 1961.

Referring to the employment agreement itself paragraph 3 B is Ted's idea of an arrangement that would make it easier to terminate his contract if it was felt to be in the best interest of both parties to do so.

Paragraph 11 - is a new paragraph which outlines the financial responsibility of the company in the event of the executive's voluntary resignation.

Paragraph 12 - a new paragraph covering the points you raised about him leaving us and going with a firm of competitors.

This agreement covers all the points you raised in your letters or by telephone conversation. I feel that it is now in acceptable form and hope that we will be able to complete the signing next week.

Time, as you say, is important with us. It is also important with Ted as some changes are occurring with Massey Ferguson which would involve him to an extent where he would have to forget about further negotiations with us. I know that this is not meant as a threat or pressure on his part - - it is merely an honest statement of fact. Mr. Thornbrough is returning to Toronto on August 12th and it will be necessary for Ted to advise him of his decision during that week end.

When you have had an opportunity of reviewing the enclosed documents, I would appreciate your sending me a cable advising me of your decision and the date you will be mailing the papers so that I can arrange a meeting with Ted for his signature. Any announcement of this should be withheld until after Ted has advised Eric Phillips and Mr. Thornbrough.

If everything is satisfactory and after I have obtained Ted's signature, I will telephone you.

With best wishes,

Sincerely,

Sir Roy H. Dobson, C.B.E.,
Managing Director,
Hawker Siddeley Group Limited,
18 St. James's Square,
London S.W.1., England.