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**OA/ID Number:** 06121  
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**Folder Title:**  
Sam Skinner: 1989 Alpha File N-R [1]

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Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>15</b>	<b>23</b>	<b>4</b>	

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THE SECRETARY OF TRANSPORTATION

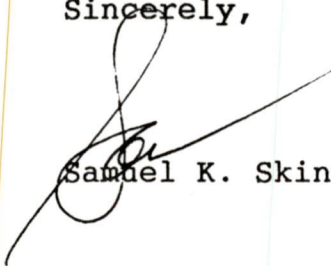
WASHINGTON, D.C. 20590

September 6, 1989

Dear President Posvar:

Newton Minow has provided me with a copy of the recommendations from the Symposium held last January at the University of Pittsburgh. I had reviewed them earlier but was glad to see them again and refresh myself with them. You and the University are to be applauded for sponsoring this effort, and I look forward to working with you in the future.

Sincerely,



Samuel K. Skinner

Dr. Wesley W. Posvar  
President  
University of Pittsburgh  
Pittsburgh, PA 15260

**SIDLEY & AUSTIN**

---

LAW OFFICES

SUITE 4800  
ONE FIRST NATIONAL PLAZA  
CHICAGO, ILLINOIS 60603  
853-7555

From NEWTON N. MINOW

To: Mary Margaret Jacobs - 46

Attached is self-explanatory. Would you please see to it that Sam gets this, etc.

All best,



Newt Minow

8-21-89

k

Attachment

RECEIVED DEPARTMENT OF JUSTICE  
DIVISION OF INVESTIGATION  
AUG 22 1989

89 AUG 28 10:00 AM '89

U.S. DEPARTMENT OF JUSTICE  
DIVISION OF INVESTIGATION

U.S. DEPT OF  
TRANSPORTATION

89 AUG 28 AM 10: 09

OFFICE OF SECRETARY  
OF TRANSPORTATION  
EXECUTIVE SECRETARIAT

August 22, 1989

President Wesley W. Posvar  
University of Pittsburgh  
Pittsburgh, Pennsylvania 15260

Dear Wes:

Thanks very much for sending me the Civil Aviation report. I am going to give it to Sam Skinner with a request that he read it personally. I know he will find it useful and helpful. You did a first-class job, and you made a major contribution.

All best,

Newton N. Minow

NNM:kjs

Blind Copy to: Ms. Mary Margaret Jacobs



# University of Pittsburgh

PRESIDENT OF THE UNIVERSITY

August 17, 1989

Mr. Newton N. Minow  
Partner  
Sidley & Austin  
One First National Plaza, Suite 4800  
Chicago, Illinois 60603

Dear Newt:

I just spoke with Gus Shubert at RAND, who told me about seeing you yesterday, and that you expressed interest in our recent civil aviation initiative. Gus made specific reference to your access to the Secretary of Transportation.

I am enclosing the report of a special symposium which I organized and chaired last January on the subject of civil aviation, and in which Gus Shubert himself played an important part. This was a remarkable gathering of some fifty top leaders from the aviation industry, academe, government, "think tanks," including four FAA Administrators.

Our principal theme, which is explained in the introduction, is that civil aviation is a vast economic system, not yet perceived and analyzed as a whole system, of enormous importance to the economy and well-being of the United States. We call for strong initiatives in developing sources of expert advice, including an external and independent research unit dedicated solely to transportation and civil aviation questions. The early prototype is Air Force Project RAND.

With the departure of Allan McArtor and the advent of the new Administrative team, the thrust of this report has not yet been appreciated. Informal overtures for several of us to brief the new Secretary have not been fruitful. There has been created a new Advisory Committee to the FAA on Research, Engineering, and Development, chaired by Bob Everett, the retired head of MITRE, and I am a member. Worthy as it is, this group is explicitly narrow in focus and aimed at mid-range tactical R&D initiatives; as I have pointed out to the group, it does not begin to address the goals of our January report.

When you have had a chance to look over our report, I hope you will call me and indicate any way you might suggest to bring this effort to the attention of Secretary Skinner.

With best wishes,

Sincerely,

A handwritten signature in dark ink, appearing to read "Wes".

Wesley W. Posvar  
President

Enclosure

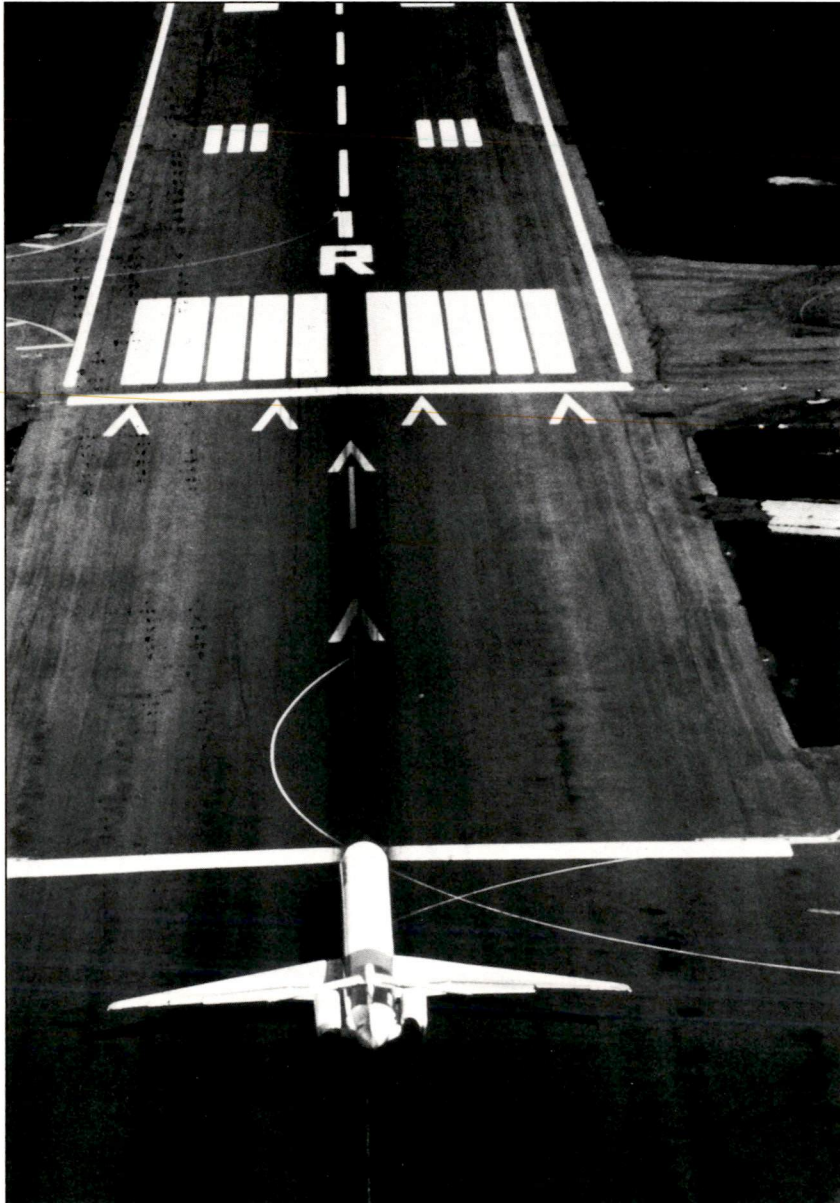
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**THE FUTURE OF  
THE CIVIL  
AVIATION SYSTEM**

**RECOMMENDATIONS FROM A  
SYMPOSIUM OF NATIONAL  
AVIATION LEADERS CONVENED  
JANUARY 11-13, 1989 AT THE  
UNIVERSITY OF PITTSBURGH**





## FOREWORD

**C**ivil aviation has developed essentially in the last half century, and has altered the nature of world travel and commerce in that short period more than all other factors in the prior millenium. It emerged in our time through leaps in technology driven by creative leadership that was in large part American. It remains a vitally important economic stake for this nation.

Yet the civil aviation scene now is troubling: air traffic is increasingly congested, and there are incipient anxieties about prospective air space gridlock and safety; technologies of avionics, airframes, and traffic control seem to be moving ahead without integrated planning of total projected needs; airport capacity and connecting ground networks have surpassed saturation in some areas; commercial airline markets are a shifting flux of routes and prices; there is a growing shortage of skilled crews and technicians; labor relations are in crisis.

These problems are manageable, provided they are addressed vigorously and coherently. Civil aviation is truly

a complete economic system of interrelated elements and external connections that is insufficiently perceived and examined as a system — one that is in need of and amenable to a broad systems-analytical approach, such as proven successful in other large economic sectors. Thus, much of the energy and resources expended in developing the capital assets of civil aviation are focused on sub-optimal elements of air traffic, aeronautical R&D, training and education, airport design, regulatory controls, and market forces — but do not include a system-wide perspective on reciprocal relations among these elements.

Operationally, the civil aviation system is a highly interdependent set of dynamic functional elements that must continually adapt to a random variation of external factors, especially weather and shifting demand patterns. To sustain reasonable service at reasonable cost, this extraordinarily complex system must be robust enough to accommodate change on time scales far shorter than those required to assemble the capital assets that constitute the system.

All these elements of civil aviation are under the limited oversight of the Federal Aviation Administration (FAA), which itself is a relatively





young organization staffed with people who come from various professional specialties and require new skills of many kinds.

A case can be made that the FAA and its leaders could benefit from direct access to expert advice and analysis. Further, airlines, aircraft and component manufacturers, air crews, managers, local political authorities who build airports, and national officials who make relevant rules and laws could all benefit by better information and perspective about the scope and future of civil aviation. The result would be greater safety and efficiency, enhanced economic impact, and a better-functioning competitive market – without more regulatory bureaucracy.



Wesley W. Posvar  
*Symposium Chairman*  
*President*  
*University of Pittsburgh*

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*\*Participated in discussions but, because  
of organizational affiliations, cannot  
endorse recommendations.*



## THE FUTURE OF THE CIVIL AVIATION SYSTEM

**A** special national Symposium on Civil Aviation was convened in Pittsburgh, Pennsylvania, January 11-13, 1989, comprised of highly interested and considerably experienced persons representing key sectors of national associations and airlines, government agencies, the Congress, aerospace industry, and research and educational institutions.



All of us are concerned with the future of this enormously important economic resource; civil aviation in the United States is a vital and growing industry that is still the developmental prototype and the principal hub for aviation commerce worldwide. We are deeply aware of the challenges to civil aviation in terms of personnel, air traffic control, technology, connecting transportation networks, market mechanisms, and safety, and we perceive opportunities for improvement.

There follow our observations and recommendations for action. These represent our consensus as participants in the symposium; this means general agreement among us, but not necessarily conformity by everyone on every point.

The recommendations are directed at policy, operations and professional management of the civil aviation system and conclude with proposals for establishing two sources of expert advice: an Advisory Council reporting to the Administrator of the FAA under the Secretary of Transportation, and an independent research organization dedicated to analyzing transportation problems.

The civil aviation system of America, while in clear need of remedial action, is a functioning system of great stamina and flexibility, serving as an exemplar for the rest of the world. However, the system could be improved by a number of measures taken and policies adopted.

1. There is urgent need for a national aviation policy covering all aspects of civil aviation. In the perspective of the national aviation policy, the Administrator of the FAA, with the guidance of the Secretary of Transportation, should analyze in depth the civil aviation system in regard to airport congestion, airline competition, environmental concerns, and the trade-off between commercial and operational and the larger public interests, in order to foresee emerging problems and develop the necessary responses.



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**“There is urgent need for a national aviation policy.”**

## ECONOMIC ANALYSIS AND PLANNING

The conferees identified different kinds of needs for economic planning and analysis for civil aviation. The list is not complete but suggestive of the broad range of problems.

2. There should be an examination of the requirements for further airport construction and the policy issues involved. This does not presume that there are inherent needs for airport construction; rather, study would determine if there are objective requirements and if so, how to meet them.

Related to airport requirements are the possibilities for joint use of military and civilian air facilities. The Department of Transportation and the Department of Defense should pursue and implement joint use where feasible and beneficial. However, there must be a distinction between the use of air space and the use of facilities, because of air operational needs.

3. Environmental factors, especially noise, are strong public concerns. The interests of the traveling public and the interests of the local population often are in conflict. Government and indus-

try should continue efforts to find new solutions to the contradictions between environmental and esthetic concerns, and efficiency and safety.

4. The entrance of other airlines, new and existing, into competition with the present large carriers is restricted and difficult. Barriers to competition are too high. For example, some agreements between airport authorities and airlines restrict entry of smaller competitors. The Department of Justice is responsible for anti-trust policy and enforcement. It should take the lead by maintaining a watching brief on the situation, by analyzing the cases, and taking legal actions, if necessary, to ensure competition and entry to the market. We support the concept of deregulation, but recognize that to be successful it requires competition and enforcement of measures and legal actions to sustain competition. Whatever problems have arisen with deregulation, it is an improvement.



5. We must find means to reduce the gap between capacity and demand when and where it occurs. The neglect of airports and the failure to automate air traffic sufficiently has produced a crisis at some major airports at peak periods, and threatens to do so at other airports. The trend for the future indicates that matters will only worsen if left unattended.

6. In dealing with overcrowding of terminals, gates, runways and other facilities, "pricing" (whether through gate fees, peak pricing or other such devices) should be examined as a means of relieving the overcrowding. If "pricing" is used to relieve overcrowding and spread the loads, the funds collected should be dedicated to measures and construction that will relieve the overcrowding responsible for these additional charges.

7. The civil aviation system must provide for expanding facilities for both commercial and general aviation. Airports and the system must be able to accommodate fast, heavy airplanes *and* small, slower aircraft. Ground transportation and ground facilities for both "reliever" airports and major hub airports are critically important and must be addressed by governments and industry.

8. There is a lack of clarity in inter-governmental relations as they concern airports, ground transportation, and oversight of airline service. For example, the federal government has no direct responsibility for the construction of new airports, even though they are linchpins in the national network of interstate commerce. Therefore, assessments are needed by independent experts, special conferences, or recognized organizations specializing in research on intergovernmental relations. Unwarranted federal interference in state and local areas of responsibility, and in private enterprise, should be



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**"We must find means to reduce the gap between capacity and demand."**

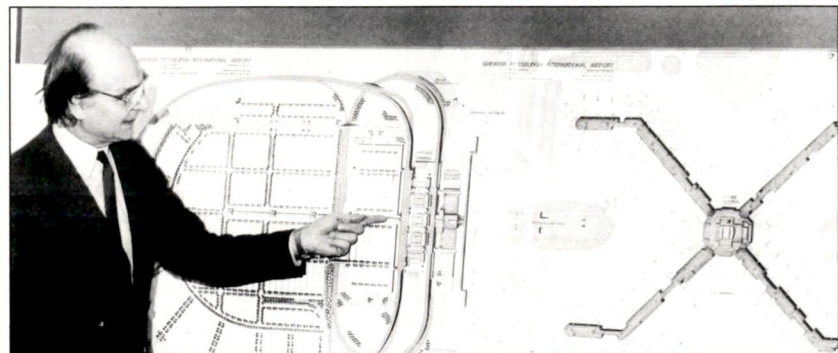
avoided. Balance is needed in the patterns and kinds of relations among and between the governmental units concerned, as well as with the private sector. For example, architecture and design of airports should be left to the local authorities directly concerned with the design and construction, in terms of local needs and conditions, but in the perspective of national requirements. The FAA should take the lead in involving all players, private and governmental, in working together on the diverse problems of civil aviation scattered among different government components.

9. The capability for long-range planning should be improved. The process of long-range, systemic planning should begin in the FAA itself, but it will have to include other agencies, departments, and the private sector. The Department of State, for example, must be involved in matters of international civil aviation. The FAA should take the lead and coordinate all planning.

The FAA is largely an operational agency; therefore its own planning function requires discrete funding and independent standing in the agency. There should be a planning unit at the level of the Administrator. A program of partnership should be started with "think-tanks," universities, and independent research firms.

## HUMAN RESOURCES

10. Stronger ties and links should be developed between the FAA and the nation's universities that have strength in education, training, research and programs in professional areas with relevance to civil aviation. New separate educational institutions such as the military academies should not be created. Training for pilots and controllers, for example, can be done at institutions already existing for that purpose. Therefore, there should be a partnership between the federal government and academia to interest and educate college students in aviation studies using the ROTC concept with FAA oversight, including the possibility of a representative on campus, careful selection of students, full scholarships, and commitment to serve the agency on graduation.



11. Where aviation programs are in autonomous or separate units of universities or educational institutions, an important goal ought to be setting of standards, and accreditation as a means to that end. Support is needed from accrediting organizations and associations, such as the Council on Aviation Accreditation, with approval of the Council on Postsecondary Accreditation.



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**“Civil aviation involves closely related professions that have managerial and technological aspects.”**

12. Civil aviation involves closely related professions that have managerial and technological aspects; the challenge of human resource development and planning is the integration of these, bringing the specialized professions into common understanding and mutual appreciation.

13. To recruit, retrain, and develop the human resources needed by the FAA:

- a. Congress must accept that there is a compelling need to distinguish the FAA within the total civil service system that is supervised by the Office of Personnel Management;
- b. Compensation levels should be made competitive at both entry and mid-level management, and for FAA pilots, controllers and other specialized groups;
- c. Training and education in the FAA should be continually realigned with changing roles and required skills, and foster ongoing managerial and professional development.

## MANAGEMENT

14. There is a prime need to achieve a balance between autonomy and collaboration in the relationship of the Federal Aviation Administration to the Department of Transportation. The significance of the civil aviation system calls for markedly elevating the stature of the FAA Administrator within the senior levels of the federal government, including access to the President as needed, and more independent budget authority, such as for grants to universities and contracts with research firms and institutes. Nonetheless, civil aviation is part of the whole transportation network under the purview of the Secretary of Transportation. This calls for closer collaboration, with a clear oversight role for the Secretary of Transportation, especially on issues related to system-wide analysis and planning.

15. The FAA Administrator should have increased flexibility in the exercise of his responsibility, akin to the Administrator of NASA and other senior administrators in the federal government. The length of the term of the Administrator should be reviewed in order to attain the goal of continuity and long-range planning.

16. The Airport and Airway Trust Fund should be moved “off-budget” and made immune from the provisions of the Gramm-Rudman-Hollings Act. Further:

- a. It must be dedicated exclusively to aviation uses;
- b. It may be used directly on aviation projects or as leverage for bonding to encourage additional funding from local and state governments and perhaps from private firms.



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**“The significance of the civil aviation system calls for markedly elevating the stature of the FAA Administrator . . . under the purview of the Secretary of Transportation.”**

17. Procurement practices and procedures of the FAA must be improved and streamlined. This would not require new legislation. Furthermore, authority for procurement should be officially delegated from the Secretary of Transportation to the Administrator of FAA, including the delegation of accountability. The goals of the Packard Commission should be applied where relevant. These specific measures should be taken:

- a. A time limit should be put on the competitive process;
- b. Only one “best, final” offer should be allowed;
- c. Only one review body is needed; there is wasteful duplication when both DOT and FAA review several times;
- d. Performance criteria should be employed; input specifications are not needed except as general or primary guidelines;
- e. More flexibility is needed in the use of sole source procurement;
- f. Monitoring of contractors should be improved through the reassignment of personnel and hiring additional personnel if needed.



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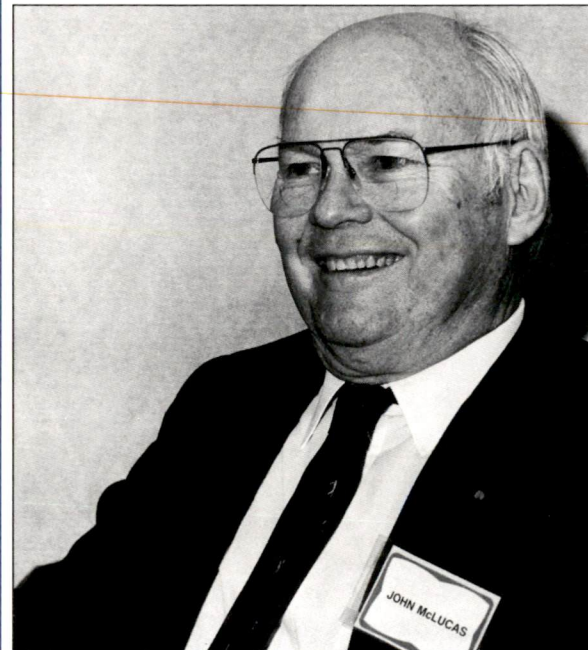
**“We recommend an Advisory Council and an external, independent research unit.”**

## EXPERT ADVICE AND RESEARCH

18. We recommend the creation of an Advisory Council reporting to the Administrator of the FAA under the Secretary of Transportation. The Advisory Council should be small and focus its attention on the encouragement and utilization of policy and technological research, with initial priority on civil aviation within the transportation matrix.



19. We recommend the creation of an external, independent research unit dedicated solely to transportation and civil aviation questions. The fabric of research in economics, technology, human resources, and policy formation and implementation can be considerably strengthened by a coordinated effort involving this new dedicated unit, along with existing Federally Funded Research and Development Corporations (FFRDCs), universities, and the resources available in the private sector.



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THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

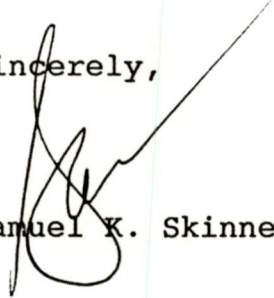
September 12, 1989

Dear Don:

I ran across your excellent comments in the Chicago Tribune regarding global competition. Your message is similar to the one I have been making all over the country, and I am delighted to see that the private sector is just as involved.

See you soon.

Sincerely,



Samuel K. Skinner

Mr. Donald E. Petersen  
Chairman and Chief Executive Officer  
World Headquarters  
Ford Motor Company  
The American Road  
Dearborn, MI 48121

# America must adopt new form of global

By Donald E. Petersen

"America's diminishing role as the preeminent economic power" and "America's loss of influence in world affairs" are increasingly common fare these days on editorial pages, in academic journals and in business magazines. Some state that our fate already is sealed. Others are less dire in their predictions, urging only that we sound the alarm.

My opinion falls sharply to the latter side of this spectrum. I don't believe our destiny has been determined irrevocably. However, I would strongly caution that American preeminence in world affairs is not beyond challenge.

Invariably, the same articles that point to relative American decline with one hand point simultaneously to Asian ascension with the other. Indeed, it is the Asian Era. The Japanese economic miracle truly has been extraordinary, as has been the rapid growth of Korea and the emergence of Taiwan and Singapore.

To a substantial extent, these were expected results of U.S.-led efforts after World War II to develop a new world economic system and rebuild a ravaged planet. We not only anticipated that other nations would strengthen and once again play prominent roles in world economic and political affairs, but we also encouraged such an outcome.

Yet, I believe what we have witnessed in east Asia is beyond anyone's expectations. Over the past 20 years, while the U.S. economy has grown by just two-thirds, the Japanese economy has expanded by 165 percent; Taiwan's by 430 percent; and Korea's by 500 percent. Industry after industry—from steel to autos to electronics—has felt this wave of growth come crashing in, with substantial market share gains being made around the world by Japanese and other east Asian competitors.

This phenomenal growth is not wholly undesirable. It helps fuel an increasingly interdependent global economy and promotes regional political stability. However, it also poses to the United States the greatest economic challenge since we assumed the mantle of world leadership more than 50 years ago.

This challenge cannot go unanswered. I believe that neither the United States nor the rest of the world can afford substantial erosion of our leadership role. America has the strongest economy on earth. We possess and make available to virtually all nations the single largest and richest consumer market. We are the foremost military power in the world and our system of government is a shining example for freedom-loving people and societies around the globe.

If America is to remain a world leader, we can't

*Donald E. Petersen is chairman and chief executive officer of Ford Motor Company.*



Ned Levine/© 1989, Newsday

discount recent history. The Pacific Century is upon us. America must adapt to a new form of global competition. We must meet the growing challenge, and we must begin by recognizing and accepting certain realities of today's world.

The first reality is that some nations demonstrate planned and methodical efforts to dominate markets—both geographically and by industry. They compete with ferocity and often are willing to sacrifice short-term profits and domestic needs in favor of long-term and export-driven growth.

The second reality is that not all nations of the world play by the same rules as the United States. Many countries with the most spectacular growth stories do not subscribe to Adam Smith's "invisible hand of the market." Instead, there is the very evident hand of government, directing and coordinating

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## Global competition

policies to aid the competitiveness of domestic industries.

The third and perhaps most important reality is that these managed-economy policies are the very heart of the economic philosophy in nations that make use of them. Consequently, efforts on our part to change such core values will end in disappointment.

These realities dictate that the United States consider adjustments to its own philosophy and methods of competing globally. I believe that mutually beneficial trade is key to maintaining the world economic system. However, few if any companies, or even total industries, have the wherewithal to compete against the well-organized resources of entire nations. In this environment, we need something more. If we are to co-exist with countries so dedicated to international economic strength, then we must be just as committed to strength.

I would offer three broad recommendations. First, the United States needs to institutionalize global competitiveness as a key objective in our policy process. In other words, we need to consider the effect of all policy decisions—whether domestic or foreign, social or defense—on the ability of our industries to compete internationally.

Second, while industry is primarily responsible for its competitive ability, government needs to promote actively the American productive sector. We should take actions designed specifically to mobilize our considerable resources.

Tax policy, incentives and regulation, as examples, can have dramatic effect on the competitive environment. The judicious use of such tools can be a tremendous spur to economic activity, impacting many areas where the United States lags dangerously—advanced product development, technology research and capital formation, to name a few.

Third, because free trade is not the rule in much of the world, the United States must develop a more strategic approach to trade. This would include recognizing that certain industries and technologies are vital to our economic leadership and advancing our nation's interests in those areas. We also must use our considerable influence to lower trade barriers in other nations, while discouraging adversarial trading practices that affect our domestic market.

We need to fashion a national environment in which global competitive ability is assigned strategic importance. In all honesty, I don't believe we Americans have fully accepted the extent of the challenge to our economic leadership. It's time we did. It's not too early, in my opinion, to sound the alarm.

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

August 7, 1989

Dear Roger:

What a great day! Thanks for everything.

I am enclosing the jacket that Kathy was so kind to find for me. I know you think the people in Washington are cruel, but I still haven't been here long enough to take the coat off somebody's back. I think she borrowed this from Gene Haskett, so I am reluctantly returning it to you -- but hopefully with my reputation in tact.

Warmest personal regards.

Sincerely,



Samuel K. Skinner

Mr. Roger Penske  
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Detroit, Michigan 48239

THE SECRETARY OF TRANSPORTATION  
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Mr. Bob Peck  
Midway Airlines  
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Chicago, IL 60638

THE SECRETARY OF TRANSPORTATION

7-26-89

Bob

thanks for your help yesterday  
and today. It really helped and  
I appreciate it.

Sam Skinner

THE SECRETARY OF TRANSPORTATION

7-20-89

Bob

Sorry I can't be with  
you Monday night but  
previous commitments got in the way.  
See you soon  
Sam

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Transportation  
DOT 518



The Honorable Bob Packwood  
United States Senate  
Washington, D.C. 20510

Alphab.

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

August 25, 1989

Mr. Roger Penske  
Detroit Diesel  
13400 Outer Drive West  
Detroit, Michigan 48239

Dear Roger:

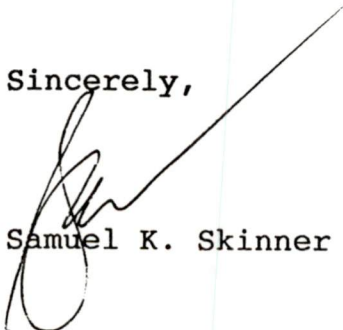
Many thanks for the Penske carafe and the team jacket.

It was thrilling to be a part of the Marlboro 500, and the mementos will be a constant reminder of this enjoyable event.

I hope we have the opportunity to get together again soon.

With best regards,

Sincerely,



Samuel K. Skinner

Great souvenir Denny - any you  
1-2

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

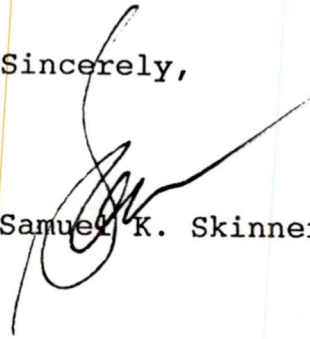
The Honorable Robert L. Pettit  
Wiley, Rein & Fielding  
1776 K Street, N. W.  
Washington, D. C. 20006

Dear Bob:

Congratulations on your return to Wiley, Rein  
& Fielding. That's good news.

Best wishes to you as you pick-up where you  
left off. Your clients will surely benefit  
from the expanded range of services and I'm  
pleased to see that Mimi has become affiliated  
with the firm.

Sincerely,



Samuel K. Skinner



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

June 13, 1989

Dear Al:

Thank you very much for your letter. I was speaking from the heart at the Productivity Conference, and am gratified that my message struck a responsive chord. I especially enjoyed your comment about Ross Perot's IBM pursuits, and find it interesting to note the different paths that former "IBMer" have taken. Service and a commitment to serve are what it's all about in business and in government; those who work by that credo succeed.

I'm glad you wrote and wish you continued success.

Sincerely,



Samuel K. Skinner

Dr. A. J. Prendergast  
Director  
Office of Program Analysis and Review  
Small Business Administration  
Washington, D.C. 20416



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

*Seane*  
*Draft*  
*Response*

JUN - 7 1989

Honorable Samuel K. Skinner  
The Secretary of Transportation  
Washington, DC 20590

Dear Mr. Secretary:

I was very impressed with your excellent keynote address at the Second Annual Conference on Quality and Productivity Improvement sponsored by the President's Council on Management Improvement and the Office of Management and Budget on May 31, 1989.

Your remarks concerning your association with the International Business Machines Corporation struck a very responsive chord and brought back a flood of pleasant memories which very few can truly appreciate. I worked for IBM for over six years, both as a Senior Systems Analyst and as a Data Processing Sales Representative during the turbulent years from 1955 through 1961. Ross Perot and I were salesmen together in the Houston Office of IBM. Ross was working on the Blue Cross Account and I was working with Humble Oil Corporation. I was granted a leave of absence from IBM in order to pursue a doctorate at the University of Texas.

Although I have pursued a number of successful careers since leaving IBM, I agree with you that the sense of pride in service and dedication to excellence instilled by this magnificent company has provided continuing inspiration.

Presently, I am a member of the Senior Executive Service. As Director of this office which received an award this year for Management Excellence from the President's Council on Management Improvement and as a recipient of the Presidential Rank of Meritorious Executive, I believe that the IBM values have contributed greatly to any success I enjoy.

Please accept my personal best wishes for your continued success in the many challenging tasks which lie ahead. You have the support of this ex-IBMer.

Sincerely,

*A. J. Prendergast*

A. J. Prendergast, Ph.D.  
Director  
Office of Program Analysis & Review  
Phone No. 653-6908

THE SECRETARY OF TRANSPORTATION

Ross

6-8-89

Congratulations on the decision  
by America to go to alliance. Great  
Win. See you in Paris

Sam

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Department of  
Transportation  
DOT 518



Mr. H. Ross Perot, Jr.  
The Perot Group  
1700 Lakeside Square  
12377 Merit Drive  
Dallas, TX 75251

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

June 7, 1989

Dear Bill:

Great article about a great effort!  
Congratulations.

I am proud to have lived across the street  
from you.

Warmest personal regards.

Sincerely,

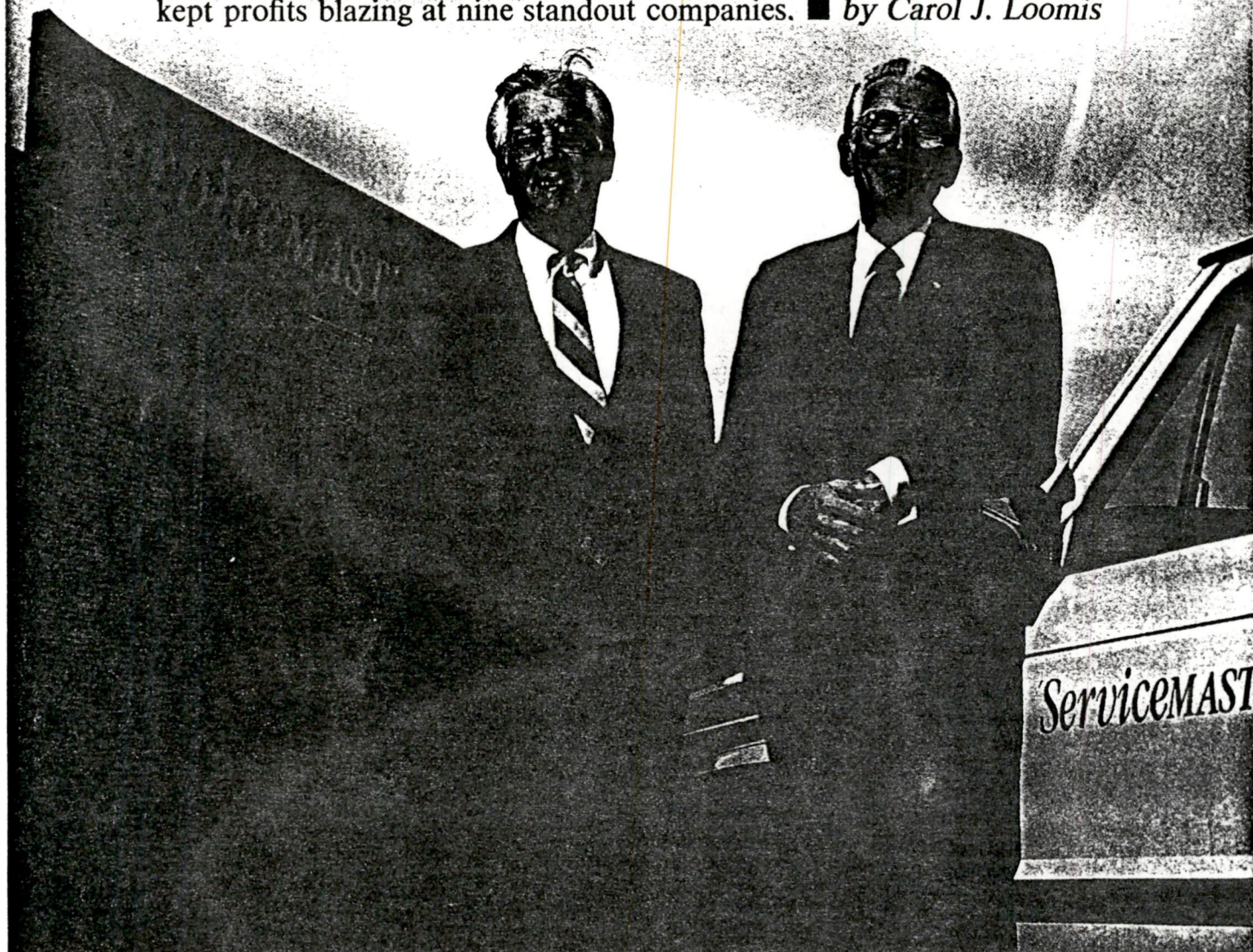


Samuel K. Skinner

Mr. C. William Pollard  
President  
The ServiceMaster Company  
2300 Warrenville Road  
Downers Grove, IL 60515

# STARS OF THE SERVICE 500

Strict attention to costs and a passion for satisfying the customer have kept profits blazing at nine standout companies. ■ by Carol J. Loomis



C. WILLIAM POLLARD AND KENNETH T. WESSNER  
**SERVICEMASTER**

■ When their core business of hospital housekeeping weakened, President Pollard, 51 (left), and Chairman Wessner, 67, converted ServiceMaster to a partnership, borrowed, diversified, and kept it Star No. 1.

**T**HE SERVICE sector of U.S. business displays bold paradoxes. It is the engine powering growth in the economy, yet oftentimes it is a wheezer in delivering profits. It is a world of ferocious rivalry in which competitive advantages can disappear overnight. But it is also a world in which innovative and flexible companies can outshine the field for years.

FORTUNE here presents the brightest stars of the service sector, including that standout whose CEO is on the cover, Marriott (see box, page 56). The nine winners were identified by a special FORTUNE study of sustained profitability in the Service 500. The nine form, you might say, an all-star baseball team made up of home-run sluggers and line-drive dependables, and a few slated to make the Cooperstown of investing. These are the boys not only of a summer but of a decade. In their techniques and philosophies lie broad lessons for business.

We lined up this team by looking at return on equity—the ratio, that is, of after-tax profit to stockholders' equity—the ultimate measure of how well a management is using the owners' money. To be a star, a company had to average at least a 20% return on year-end equity over the 1979-88 decade without once slipping below 15%. Companies that met these standards only through nonrecurring gains made on sales of assets did not qualify.

Each winner is a true business phenomenon. A company scoring 20% returns on equity year after year is offering an investor an exotic 20% savings account. Part of the investor's return is delivered to him through dividends; the remainder stays in the company as retained earnings, there again to earn 20%. As financial deals go, this one is hard to beat.

But such deals are also hard to find. Five years ago, when FORTUNE conducted a similar study for the decade 1974-83, we turned up only a dozen winners. Of these, just three repeated on this year's list of stars. Four dropped off because they were acquired or went private, and five couldn't maintain the high batting average required.

The new superachievers, three repeaters and six newcomers, share some ideas that may help explain their mutual success. Most are imbued with the belief that profits come from providing genuine value. To



**TOM E. SMITH**  
**FOOD LION**

■ By asking "How can we do the job better for less money?" President Smith, 47, has kept growth roaring at this supermarket chain.

that end, they hold prices down by keeping costs and systems under rigid control. There are, in fact, cost fanatics on the team.

The shiningest star of the group is also somewhat unorthodox. ServiceMaster, of suburban Chicago, headed the 1984 list and leads the 1989 version as well with an average return on equity for the decade of—wow!—63.7%. Back-to-back championships may attest, in this case, to the power of religion. The company selects a biblical verse for each annual report and reiterates

there the company's first objective: "To honor God in all we do." The name ServiceMaster connotes "master of service" as well as "service to the Master."

But the Lord helps those who help themselves. In the name of making money, ServiceMaster experienced a stunning secular conversion between List 1 and List 2. Five years ago the company was a garden-variety corporation that garnered 80% of its revenues from services, particularly cleaning, that it provided to hospitals. The company had no debt and required so little capital that it paid out more than 70% of its earnings in dividends. But as Medicare shrank what it would pay toward the bills of senior citizens, hospitals retrenched and ServiceMaster got squeezed.

So the company sallied forth and transformed itself. For one thing, it borrowed \$340 million, mostly to buy other service businesses that would fit its disciplined Midwestern ways. Now it owns a pest and termite control specialist, a food service company, and a maid service for homes. It is also acquiring a company that guarantees the buyer of a house that the appliances within it will work.

Second, ServiceMaster momentarily reorganized itself into a limited partnership, thereby escaping corporate income taxes and boosting earnings by about 80%. Simultaneously, as part of the reorganization, it spent \$38 million to buy back a big block of its shares, a step that shrank its equity by more than half.

*continued*

## NINE THAT LIGHT THE SKY

	COMPANY	RETURN ON EQUITY 1979-88		
		Average	BEST Year	WORST Year
1	SERVICEMASTER	63.7%	142.2% 1987	30.9% 1980
2	PRICE	28.5%	43.2% 1981	19.3% 1987
3	UNITED PARCEL SERVICE	28.3%	37.3% 1981	16.1% 1979
4	TANDY	26.0%	40.0% 1979	15.1% 1986
5	WAL-MART STORES	25.6%	27.8% 1988	22.4% 1981
6	FOOD LION	24.2%	28.8% 1979	22.4% 1982
7	BRUNO'S	22.4%	35.3% 1981	15.4% 1987
8	MARRIOTT	21.7%	32.7% 1988	17.2% 1979
9	MELVILLE	20.9%	24.0% 1979	19.1% 1985

To join this galaxy, drawn from the Service 500 lists starting on page 351, a company had to have averaged at least a 20% return on equity the past ten years, never sinking below 15%.

One bit of constancy: ServiceMaster's payouts, now called distributions instead of dividends, have stayed high. But the company's reduction in equity and increase in profits are today producing returns on equity that make even ServiceMaster's cherished returns of the past—30% and up—look poor and miserable. Last year, earning \$64.6 million on \$51.4 million in equity, the partnership showed an eye-popping return of 126%. Of course, the partnership had debt of \$280 million, more than five times equity. That's not normal, God-fearing capitaliza-

tion, except in leveraged buyout country.

Brooding over ServiceMaster and a pack of other companies that decamped into partnerships, the government rose up to block this escape route from income taxes. ServiceMaster, among others, was grandfathered and will be spared taxes until 1998, at which point it will begin to pay them and resume life in the slow lane. By then, C. William Pollard, ServiceMaster's chief executive, hopes to have paid down debt, to have gained growth from his acquisitions, and to be making high returns on equity the old-fashioned way.

Compared with ServiceMaster, the other two survivors from the 1984 list, both retailers, would appear to be relatively ho-hum—except that is patently not the way to describe one, Wal-Mart Stores. In baseball terms, Wal-Mart, whose \$20 billion in revenues make it the nation's third-largest retailer, has been swinging for the fences forever. Still a corporate kid with stores in only 26 states, Wal-Mart is likely to pass K mart in 1990 and in five years could overtake Sears.

The other survivor is Melville, a specialty retailer and a singles and doubles hitter that

## HOW MASTER LODGER BILL MARRIOTT PROPHESED

It may have sounded brash in 1980 when J. W. Marriott Jr. publicly proclaimed Marriott Corp.'s intention to make better than 20% on stockholders' equity in the decade ahead. The company had averaged only 11% in the Seventies. But even as he spoke, Bill Marriott was stripping away the company's need for capital. He sold hotels while keeping the rights to manage them, and used the proceeds and borrowings to repurchase a third of Marriott's stock. In his head he had a picture of what is now chiseled in the record: an average ROE through 1988 of well over 20%, with no year's return below 18%.

Marriott's stock has leapt since then from a market value of \$700 million to \$3.5 billion. That's a nice gain for the family, with its 25% stake. Still, Bill Marriott's father, Willard, who raised this suburban Washington, D.C., company from root-beer stands and who was a hero to his son, originally fought the strategy. In the Depression, he'd seen a stream of debt-laden hotels go bankrupt. He liked real estate, conservatively financed, and he didn't like the stock market. The thought of selling hotels and borrowing to buy Marriott stock dismayed him.

But the father had done the unusual in his time also. A Mormon proscribed from drinking, he sold liquor in his hotels, believing it critical to success. His son was equally determined: "We wore him down. He went along because the management and the board supported the plan. But he never believed in it."

The elder Marriott died in 1985, at age 84, and within weeks the family suffered a second blow. Bill Marriott, then 53, was seriously burned. While he was trying to start a boat, the gas tank exploded. He survived by diving into the water, but the company shivered during his slow recovery. There is "magic," says a Marriott resort manager in having a man of the name at the top.

**H**E CAME BACK the same Bill Marriott: absorbed in work, family, and the Mormon church, in which he has been an active local leader. His compensation from Marriott is \$1 million, his dividends the same, and he tithes as the religion commands. Two sons and a son-in-law hold jobs in the company. Are they as dedicated to it as he? He isn't sure: "They see how hard I work and I think they ask themselves if it's worth it. They've never said anything, but I wonder."

The Marriott empire, nearing \$8 billion in revenues, sweeps

widely today. In lodging it offers 121,000 rooms under the old name and new ones: Courtyard, Fairfield Inn, Residence Inn, and soon for the elderly, Brighton Gardens. The company runs and franchises 1,100 restaurants, among them the Roy Rogers, Bob's Big Boy, Allie's, and Host chains. It supplies in-house food to big employers and in-flight food to airlines.

**I**T IS, IN FACT, gigantic in food, getting 70% of its revenues—when hotel sales are figured in—from eats and drinks. As a huge centralized buyer, it uses leverage expertly, keeping payables high and gliding along with a negative working capital. Counting part-timers such as student/waiters, Marriott employs 230,000, making it the nation's ninth-largest private employer.

The man at the top—sometimes "the big M" in employee banter but routinely "Mr. Marriott" to his face—is serious, gentlemanly, and steeped in his business. In his dad's office he overheard mysterious chatter about "food cost percentages" before he'd even seen percentages in school. While a University of Utah undergrad, he toiled at a Marriott Hot Shoppe. Later he moved into the lock-step pattern of a corporate heir and he recalls occasionally pulling his rank: "I was rougher 25 years ago."

He has since won deep admiration in the company by knowing it so well. That does not make him a financial expert. The company's restructuring was mainly the idea of two Marriott alumni, Gary Wilson, now at Disney, and Alfred Checchi, an investor currently trying to take over Northwest Airlines with Wilson's help. But Bill Marriott listened.

Pressed to describe what he does best as a manager, Marriott says, "Maybe setting an example of hard work and concern for both the customer and the employee, while also driving hard to make money. People say you can't balance the two, but my father believed you could, and I do too."

His style, and his eminence, were on view recently at the company's 410-room Albuquerque hotel, one of nine Marriott establishments he visited in a pell-mell two days. Learning late that the boss was dropping in, the hotel's outgoing, energetic 38-year-old manager, Tom Chase, sped back from a trip—"I couldn't have Mr. Marriott on my property and not be here"—and all but personally scoured the kitchen and polished the lobby floor.

Arriving, Marriott was hailed by 40 employees lined up to

just keeps getting on base. The largest of its 13 divisions include Marshalls, an off-price merchandiser; CVS, a discount drug chain; Kay-Bee, which sells toys; and Meldisco, the footwear licensee in K mart stores. From that vantage point, Meldisco is forced to watch Wal-Mart's smoke.

To these holdovers, add four newcomers that are also retailers. One, Tandy, owns the Radio Shack chain of stores, where it sells computers from its own factories and, in the words of one security analyst, exploits "a great, great franchise selling little pieces of wire at an enormous markup."

Another, Price Co., a 13-year-old creative wonder, started the first U.S. warehouse clubs, which are no-frills, cement floor operations that sell food, hard goods, and you-name-it to small businesses and dues-paying folk. Years ago, Sam Walton of Wal-Mart, now 71, got a guided tour of a Price club from founder Sol Price, now 73, and his son, Robert, now 46 and chief executive. Walton went on to start imitations called Sam's Warehouse Clubs. Last year, Sam's and the Price clubs both had revenues of about \$4 billion. But out of caution or gratitude for the idea, Walton has

not yet put Sam's clubs into Price cities.

The same point does not apply to supermarket chains Food Lion, based in North Carolina, and Bruno's, headquartered in Alabama. Both have been expanding furiously—Food Lion ferociously—and though they have largely stayed out of each other's hunting grounds, some head-to-head competition is newly visible. Of the two, Food Lion is the most single-minded, using cookie-cutter stores to offer low, low prices to get high, high volume. Bruno's operates five chains (including some stores under the venerable Piggly

## PROFIT AND PROSPERED

shake his hand, wearing their best. On an hour's tour, he grimaced at the lack of glaze on the pastries—"They're due to get it before they leave the kitchen," explained Chase—and noted the need for a catch-the-spills mat between kitchen and dining room. He stopped to check the "Guest Service Index"—a barometer of quality that had dipped, said Chase apologetically, because the water supply had been cut off when a nearby main broke, and because a visiting hockey team had been rowdy.

A photographer back-pedaling before him, Marriott posed with employees, smiling as if born to politics. Speaking to a handicapped kitchen worker named Sheila, he said, indeed, he remembered a letter she'd sent him four years before. And when the visit was over, Marriott told a reporter that the hotel looked very clean and in good shape and that Chase was an ideal sort for a manager: "He's friendly and pumped up, and that's why he's got great occupancy rates."

Overall, says Marriott, the company's occupancy is "at least ten points higher than the industry's," which is 63%. The company perennially stars in customer surveys done by *Business Travel News*. But the industry is overbuilt right now and rates are sticky. A decade ago, with rooms tight, Marriott hotels scored with rate increases that exceeded inflation rates by a couple of percentage points. Could they do it again if inflation flared? Considering the abundance of rooms, says Marriott, it would be hard.

He plans now to slow the

building of standard, full-service hotels, concentrating instead on suite layouts and middle-market Courtyards and Residence Inns. He may add a few resort hotels to the 20 Marriott already has in such haunts as Barbados and Maui, and he wants to expand somewhat overseas, where the chain is relatively unfamiliar.

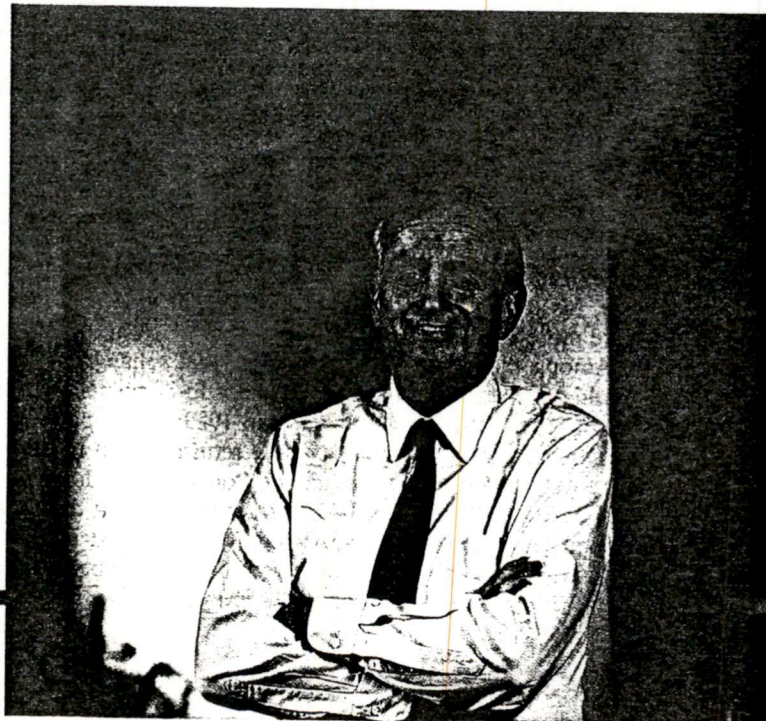
**M**ARRIOTT WANTS NO PART *anywhere* of what he calls "trophy hotels"—the one-of-a-kind, luxury establishments that have recently been selling at enormous prices, often paid by foreigners. An industry rule of thumb says a hotel will fly economically if its rooms command rates equal to one-thousandth of their cost. Buying the Beverly Hills recently, the multi-billionaire Sultan of Brunei paid \$750,000 per room, which means he needs \$750 per night, about triple today's rate. The Sultan might not mind losing tankers of money. Bill Marriott would mind.

Ironically, the fervor of foreigners for hotels has made him reconsider his strategy of selling off Marriott's. The stock market, he notes, never used to recognize the real-estate value of hotels, but that's changing. Says Marriott, "We need to figure out a way to hang on to our hotels longer. We're working on that."

His comment implies that the company may soon have a big need for capital. Yet recently it has been buying its stock—again—and Marriott is still predicting rich returns on equity. They will stay north of 20%, he promises. You better believe.

### J.W. MARRIOTT JR. MARRIOTT

■ *Chairman and boss since 1972, Bill Marriott, 57, gets kudos for knowing his businesses: lodging, restaurants, and food service.*



Wiggly name) with more varied pricing.

Two generations of Waltons, Brunos, and Prices are represented in the managements of FORTUNE's stars, and a fourth family-run business is Marriott, whose lodging and food businesses are now headed by the founder's son, J. W. Marriott Jr. The remaining star in the galaxy, United Parcel Service, is not technically family run, but thinks of itself that way.

As investments, the stars have delivered celestial gains. Seven of the group were publicly traded at the end of 1978, UPS and Price being the exceptions. Over the next



## RONALD AND ANGELO BRUNO BRUNO'S

■ *Birmingham-based father and son Angelo, 65, and Ronald, 37, have been successful at holding prices down in several types of supermarkets, from warehouse to upscale.*

decade the median total return for the seven—that is, stock appreciation plus dividends—was 30.2% a year, compounded. That's a spectacular result compared with the 18.4% median registered by the entire Service 500.

Each of the seven beat that median. ServiceMaster, ironically, did the worst, 19.6%. Its stock has stagnated since the company turned itself into a partnership

three years ago, mainly because earnings have also stalled. Wal-Mart—who else?—led the seven with a rate of 46%, and the Southeast sizzlers, Food Lion and Bruno's, were both at 36%.

No public market for UPS's stock exists. Instead, the shares are entirely in the hands of the company's managers and supervisors, who earn them as compensation. When a shareholder leaves, he must sell his stock back to the company at the currently prevailing price, set by UPS. Retiring, he unloads gradually, over ten years.

Because UPS stock does not trade publicly, FORTUNE's list of transportation companies does not present a total return for the company. But using price and dividend data UPS publishes every year, we figured its ten-year annualized return to be 34%. Not bad for a conservative outfit that is the oldest of the nine on our list—it was founded in 1907—and never lets its stock price get up to anything crazy like 12 times earnings. Price, the youngest of the nine, has paid no dividend since it was founded in 1976. But the rocketlike ascent of its stock reflects the company's inventiveness. Since the shares were first publicly traded in 1982, they have appreciated at a compound annual rate of 42%.

Of course, an investor could not tell years back just which companies would join our galaxy of stars. He could, however, have read FORTUNE's 1984 article celebrating the 12 stars of that era and decided to buy, picking up Wal-Mart, Melville, ServiceMaster, and the other nine.

In this not-so-dirty dozen, he would have done superbly—on balance—with four companies that faded from public view: Parsons, an engineering and construction company that went private; Lucky Stores, a supermarket chain bought out by another, American Stores; Electronic Data Systems, bought by General Motors; and Allied Bancshares, a Houston company that tottered and was taken over by First Interstate. While the investor's losses on Allied would have been Texas-size, his profits on the other three would have more than compensated.

Among the other 1984 companies that would have landed in the investor's portfolio are three that almost repeated in 1989: McDonald's, which had an average return on equity for the last decade of "only" 19.5%; Super Valu, a food wholesaler that slipped below 15% in one year; and Dun & Bradstreet, whose steady-Eddie returns of above 20% included too many nonrecur-

ring gains that didn't count. Finally, the investor would have picked up two companies that later took some knocks: Phibro-Salomon (now called just Salomon), a Wall Street stumbler; and a catalogue showroom retailer, Service Merchandise, whose diversification into building supply warehouses helped produce losses from which the company has since recovered. As a group these five had a median total return below that of the S&P.

But at the end of 1988, the 12 boys of 1984, taken as a group, would have given an investor a median total return, annualized, of 19.4%. That beats the S&P, at 18.6%, by a relatively small but significant margin. The moral: A few strikeouts won't keep all-stars from scoring.

**W**HAT LESSONS can be divined from this year's stars? For starters, ServiceMaster has signed up a phone number that fits the other eight companies as well: 1-800-WE SERVE. In general, these companies roam their territories looking for new and better ways to supply what the public wants. Says Stanley Goldstein, chairman of Melville: "Whenever we think about buying a new division, we ask ourselves what value it will provide the customer. The answer may be price; it may be selection. But it's got to be something, or else forget it. The one thing we don't want to do is run after the God of Big Volume."

By not chasing volume, Melville got a bad start in a good race. The company failed originally to spot the big potential in athletic footwear stores like Woolworth's Foot Locker. "A valid criticism," says Goldstein. "We were myopic." Melville is now trying to catch up in this footrace with a two-year-old chain it calls Fan Club.

In the hotel business, high occupancy rates are plainly the key to success, and Marriott's are significantly above average. What's the secret? Answers Bill Marriott: "It's friendly service and taking very special care of every customer," which means catering to many different needs. Some guests want to stay in their rooms; some want to hang out in the cocktail lounge. Marriott points out that many business travelers are well-paid and gregarious salesmen: "They want to mix with people who are the same and don't want to meet someone across the front desk who's stuffy."

At UPS, service is a theology, based on the belief that what's good for the customer

REPORTER ASSOCIATE William E. Sheeline

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Transportation  
DOT 518



The Honorable H. Ross Perot, Jr.  
The Perot Group  
1700 Lakeside Square  
12377 Merit Drive  
Dallas, TX 75251

Attention Sheri Sitton

THE SECRETARY OF TRANSPORTATION

Ross

5-31-89

Thank for all money everything  
while I was in "Big D". I  
also need another lesson.  
You are doing great things down there  
Keep it up. Sam

H. R. PEROT, JR.

1700 LAKESIDE SQUARE  
12377 MERIT DRIVE  
DALLAS, TEXAS 75251

May 26, 1989

The Honorable Samuel K. Skinner  
Secretary of Transportation  
U.S. Department of Transportation  
400 7th St., S.W., Suite 10200  
Washington, D.C. 20590

Dear Mr. Secretary:

Thank you for taking the time to tour Alliance Airport and have dinner with my father and me. I enjoyed getting to know you better.

Congratulations on the new airport in Denver. It is a great model for other cities to follow.

I look forward to seeing you in Paris.

Sincerely,

H.R. Perot, Jr.

HRPjr/ss

890605-079  
S1/SSS

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

May 30, 1989

Dear George:

I thoroughly enjoyed my recent visit to Governors Island. The Coast Guard hospitality was great, and I sincerely appreciated you meeting me personally upon my late evening arrival at Teterboro Airport.

I was impressed with the people and facilities on Governors Island, and I hope to return soon for a longer visit. Please convey my thanks to all those who made my stay comfortable and productive. I fully realize that it was a team effort!

Sincerely,



Samuel R. Skinner

Rear Admiral George Passmore  
Commander (m)  
MLC Atlantic  
Building 400, K Section  
Governors Island, NY 10004

THE SECRETARY OF TRANSPORTATION

5-20-89

Seth

thanks for traveling with  
us to N.Y. also for your support  
to our team.

Sen

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Department of  
Transportation  
DOT 518



Mr. Seth Payne  
Business Week  
1120 Vermont Ave., N.W.  
Suite 1200  
Washington, D.C. 20005

Seth Payne

~~SF~~

27.5 lbs per drum  
THAT'S THE LAW

for  
Sims Steamers

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

May 25, 1989

Mayor Federico Pena  
Director of Aviation  
City and County of Denver  
Stapleton International Airport  
Room 400 - Terminal Building  
Denver, Colorado 80207

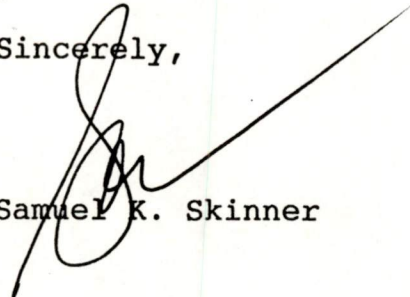
Dear Mayor Pena:

Many thanks for the impressive picture of Denver. It certainly is a memorable city.

I appreciated the warm reception I received during my visit, and I hope I have the opportunity to return to Denver soon.

With my warmest regards,

Sincerely,

  
Samuel K. Skinner

Great Job

U.S. Department of Transportation  
**The Secretary of Transportation**

400 Seventh St., S.W.  
Washington, D.C. 20590



Postage and Fees Paid  
Department of Transportation  
DOT 518

Official Business  
Penalty for Private Use \$300

Mayor Federico Pena  
Director of Aviation  
City and County of Denver  
Stapleton International Airport  
Room 400 - Terminal Building  
Denver, Colorado 80207



FEDERICO PEÑA  
Mayor

# CITY AND COUNTY OF DENVER

DEPARTMENT OF PUBLIC WORKS

DIRECTOR OF AVIATION  
CITY AND COUNTY OF DENVER  
STAPLETON INTERNATIONAL AIRPORT  
ROOM 400 - TERMINAL BLDG.  
DENVER, COLORADO 80207  
(303) 270-1200

*May 24, 1989*

*Dear Secretary Skinner,*

*I brought you something  
which will serve as a remembrance  
of your visit to Denver.*

*Thanks for all your help  
and for your leadership!*

*Federico Peña*

May 1989



U.S. Department of  
Transportation  
Office of the Secretary  
of Transportation

The Secretary

Ross

For your info,  
at least some  
are listening.

Sen

# On May 16th, Denver voted to close America's 5th busiest airport.



214-788-3075

Cerot, Ross Jr.  
12377 merit Dr.

Suite 1700  
Dallas, TX

75251

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

Postage and Fees Paid  
Department of  
Transportation  
DOT 518



The Honorable H. Ross Perot, Sr.  
The Perot Group  
1700 Lakeside Square  
12377 Merit Drive  
Dallas, TX 75251

Attn Barbara Connolly

THE SECRETARY OF TRANSPORTATION

Ross

5-31-89

thank you for dinner  
the other night. It was a  
wonderful evening with a gracious  
Host.

Sam

Alphabetical

June 7

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

Mr. Edmund T. Pratt, Jr.  
Chairman  
The Business Roundtable  
200 Park Avenue  
New York, New York 10166

Dear Ed:

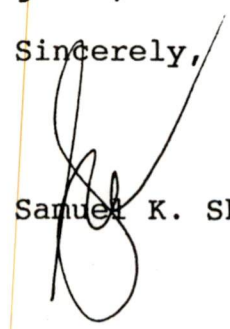
It was an honor to be invited to The Business Roundtable dinner this past week at the J. W. Marriott. Thank you for your thoughtfulness in inviting me.

The evening was a tremendous success and I enjoyed mingling with such distinguished guests.

I hope we have the opportunity to get together again soon.

With my best regards,

Sincerely,



Samuel K. Skinner



# The Business Roundtable

Edmund T. Pratt, Jr.  
*Chairman*

John F. Akers  
*Cochairman*

James T. Lynn  
*Cochairman*

James D. Robinson III  
*Cochairman*

April 28, 1989

**New York**  
200 Park Avenue  
New York, New York 10166  
(212) 682-6370

William L. Lurie  
*President*

Richard W. Anthony  
*Executive Director-Public Information*

Richard F. Kibben  
*Executive Director-Construction*

**Washington**  
1615 L Street, N.W.  
Washington, D.C. 20036  
(202) 872-1260

Samuel L. Maury  
*Executive Director*

The Honorable Samuel Skinner  
Secretary of Transportation  
Department of Transportation  
Washington, DC 20590

Dear Mr. Secretary:

On behalf of the 200 chief executive officers of American corporations who are the members of The Business Roundtable, I am pleased to invite you to attend the reception and dinner, to be held in conjunction with our Annual Meeting, beginning at 6:00 p.m. in the Grand Ballroom of the J.W. Marriott Hotel in Washington, D.C. on June 5, 1989. We are pleased that President George Bush has agreed to be our dinner speaker.

The Roundtable is an organization of chief executive officers dedicated to working together on issues and problems that impact the economic and social well-being of the nation. Membership is diversified, with representation from all major geographic regions and in all fields of business and industry.

I hope you will mark your calendar for the evening of June 5 to join with us for what, I am sure, will be a pleasant and productive evening. You will be receiving a formal invitation shortly.

Sincerely,

Edmund T. Pratt, Jr.  
Chairman, Pfizer Inc.  
Chairman, The Business Roundtable

**Policy Committee:** Edmund T. Pratt, Jr., *Chairman* • John F. Akers, *Cochairman* • James T. Lynn, *Cochairman* • James D. Robinson III, *Cochairman*  
Edward L. Addison • Howard P. Allen • Robert E. Allen • Rand V. Araskog • H. Brewster Atwater, Jr. • Norman R. Augustine • Stephen D. Bechtel, Jr.  
William W. Boeschstein • Edward A. Brennan • James E. Burke • D. Wayne Calloway • Colby H. Chandler • John L. Clendenin • John J. Creedon  
Robert F. Daniell • Richard L. Gelb • John A. Georges • T. Marshall Hahn, Jr. • Robert A. Hanson • Philip M. Hawley • Richard E. Heckert  
William R. Howell • Jerry R. Junkins • David T. Kearns • Robert D. Kilpatrick • Drew Lewis • Richard J. Mahoney • Robert H. Malott • Hamish Maxwell  
John F. McGillicuddy • Ruben F. Mettler • Richard M. Morrow • Allen E. Murray • Paul H. O'Neill • John D. Ong • Donald E. Petersen • Lewis T. Preston  
Lawrence G. Rawl • John S. Reed • David M. Roderick • Vincent A. Sarni • George A. Schaefer • Frank A. Shrontz • John G. Smale • Roger B. Smith  
P. Roy Vagelos • William L. Weiss • John F. Welch, Jr. • Henry Wendt • Walter F. Williams • Robert C. Winters • John A. Young

On the occasion  
of its  
Annual Meeting  
The Business Roundtable  
requests the pleasure of your company  
at a reception and dinner  
on Monday, the fifth of June  
at  
The JW Marriott Hotel  
1331 Pennsylvania Avenue, NW  
Washington, D. C.

Please reply  
by enclosed card  
Non Transferable

6:00 p.m. - Reception  
7:00 p.m. - Dinner  
Informal



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

May 10, 1989

MEMORANDUM FOR: Chief Dave Proper  
Ken Watson  
Jesse Hill  
Dave Williams  
Polly Keywood

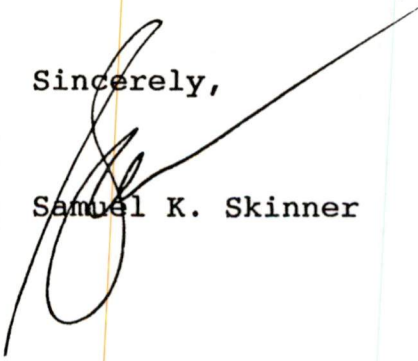
Many thanks for the fine job you did in preparing for my Lake Forest group last Friday.

The table was set up perfectly, the food...as usual...was outstanding, and the fruitbowl centerpiece was an especially nice touch. All in all, you helped create a very "homey" atmosphere for the occasion.

It meant a great deal to me to see such a tremendous effort on behalf of my friends from home. You should all be proud of the fine work you do every day.

With my warmest regards,

Sincerely,



Samuel K. Skinner

# PAGE MEDIA, Inc.

---

World Trade Center  
Suite 400  
Boston, MA 02210

Robert E. Page  
*Chairman*

August 11, 1989

The Honorable Samuel K. Skinner  
Secretary of Transportation  
Department of Transportation  
Washington, D.C. 20590

Dear Sam:

Your pal, Rentschler, is at it again. He says you're "crafty, brazen and hard as nails"! Take it as a compliment.

If you ever have a night free for dinner somewhere in this great land of ours, I'd like to spend an evening with you catching up.

Honey gave us the good news. Congratulations. She's a very smart choice and you're a lucky man.

And, since we can't get you to Cape Cod for a weekend, let's find a night on your calendar for dinner, so that I would be able to tap in once again to your agile mind on a number of acquisitions I'm trying to put together.

Best regards,



Robert E. Page

REP/lbr

RECEIVED  
AUG 12 1989  
10:00 AM  
U.S. DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

U.S. DEPT. OF  
TRANSPORTATION

89 AUG 16 PM 2:00

OFFICE OF SECRETARY  
OF TRANSPORTATION  
EXECUTIVE SECRETARIAT

SENT BY: Mgt Advisor Sus  
RCU  
SENT BY: CORPORATE OFFICE

; 8-10-89 12:20PM ;  
; 5-21-89 12:26PM ;

4348609  
249017

5088964812: # 1

# NOT WANTED



RENTSCHLER, Wm. H.  
SECT. 8 - SCAM - SCIM

Would you buy a 'used car' from this man. *no*

# North Shore FREEDOM COMMITTEE

Box 532 · Lake Forest, IL. 60045 · (312) 662-6200

"...the right of the people to keep and bear arms shall not be infringed!"

## PROSTITUTES OF THE PRESS SQUEAL AT OUR EXERCISE OF FIRST AMENDMENT RIGHTS!

The idea that "Freedom of the Press" is only for those that own one is no better shown than by convicted criminal Bill Rentschler, owner/publisher of the far-left NEWS-VOICE, and his lackeys. Chief-honcho and gun-banning editor Jerry Kramer is up in arms, if you'll forgive the expression, at the Freedom Committee's perfectly legal and completely ethical call for a boycott of not only the scruffy little News-Voice, but of their advertisers as well. It seems the first amendment only applies to ex-cons and left-wing allowed news publications, and not to ordinary citizens. Criminal Rentschler is screaming like a stuck pig! Our boycott is "blackmail", and we are "zealots and murderers"! We have committed "slander", "threats", "advertising boycotts" and "other despicable acts"! Apparently our "despicable acts" consist of reminding the community that Bill Rentschler is a convicted swindler who stole many families' life savings, and served hard time in a federal penitentiary for it. And we've told the community that this thief and hypocrite is now trying to steal much more from the community—our free choice. The right to choose whether or not you may or may not own a gun. In 1928 the American Communist Party fielded a plank in their national platform calling for a total confiscation of all privately owned firearms from ALL American citizens. Rentschler and his gang of thugs follows that line completely. It's still to this day a part of the communist agenda, as it is of their dupes and followers. So criminal Rentschler & co. may be ACCURATELY and PRECISELY described as COMMUNIST SYMPATHIZERS—or worse! And according to this group of no-goodniks, we are "bullies and totalitarians", like "Stalin, Hitler and the bloody Deng in China today"! What Rentschler & Kramer fail to tell you is that those three aforementioned gentlemen also imposed "gun-control" on their citizens prior to the slaughter! The North Shore Freedom Committee suggests you be extremely wary of the politicians and government officials who DON'T TRUST THE AMERICAN CITIZENS WITH GUNS! And also of convicted criminals who just happen to own newspapers and radio stations who support those efforts to disarm the public! In fact, the News-Voice has ceased to be a 'news paper', and become a propaganda organ for the far-left. It no longer 'reports the news', but now tries to make news; influence opinion by slanted and biased editorial, cartoon and "news" stories. That's another reason we again call for a complete BOYCOTT OF ALL NEWS-VOICE ADVERTISERS! they are supplying the funding for gangster Rentschler and his scruffy lackeys to continue his attack on the U.S. Constitution. This group of elitists know what's best for all of us. They wrap themselves in the flag of the First Amendment when their ox is gored, but that doesn't apply to anyone who disagrees with them. To them we're "black-mailers, murderers, bullies". Of course we don't have a printing press. Our work is done on a typewriter and printed on an office copier. We have neither the big bucks nor the staff to match the REAL BULLIES in this situation, Rentschler and crew. Sort of a David and Goliath scenario. Rentschler lives in what is best described as a mansion at 450 W. Deerpath Road in Lake Forest. Most of our members work for a living and live under slightly less pretentious circumstances. News-Voice advertisers have been fully advised as to our intentions and reasons for this boycott. The accompanying list is of those advertisers who are fully and completely supporting convict-Rentschler and his far-left causes, and deserve our complete contempt. If YOU, a supposedly well informed citizen, are willing and naive enough to buy the bill of goods this gang of journalistic thugs and left-wing creeps is trying to shove down your throats, this "gun-ban" garbage, well, you'll eventually and ultimately be

## CHAIRMAN BILL'S LITTLE RED BOOK OF SUPPORTERS OF THE COMMUNIST PARTY, U.S.A.

These are the businesses that support the American Communist Party's platform of gun-confiscation legislation by advertising in the Highland Park News-Voice, owned by convicted swindler, Bill Rentschler. We would appreciate a complete boycott of these businesses by all patriotic and sensible citizens. This is our constitutional right under the first amendment of the U.S. Constitution, for the exercise of which Rentschler and his journalistic bullies have labeled us 'zealots' and 'blackmailers'. Help us send a message to this gangster who, because of his felony conviction and subsequent imprisonment in a federal penitentiary, can't legally own a gun! But he's trying to take curs!

Deerfield Federal Savings & Loan	745 Deerfield Rd.	Deerfield
Burgett Construction	866 Fair Oaks Ave.	Deerfield
Tire America	184 S. Waukegan Rd.	Deerfield
Dominick's	1020 Waukegan Rd.	Glenview
Dominick's	2503 Waukegan Rd.	Bannockburn
Dominick's	1822 Willow Rd.	Northfield
Dominick's	550 W. Dundee Rd.	Wheeling
Dominick's	2748 Greenbay Rd.	Evanston
Dominick's	Hawthorne Village	Vernon Hills
Mauro Volkswagen	1001 Chicago Ave.	Evanston
Patricia Wagner, AEA & EAI	757 Deerfield Rd.	Deerfield
Dominick's	4125 Dundee Rd.	Northbrook
Gregory Dodge	490 Skokie Valley Rd.	Highland Park
Cover-Rite	1510 Old Deerfield Rd.	Highland Park
Flagship Audio & Video	1855 Deerfield Rd.	Highland Park
Helix Camera & Video	223 Skokie Valley Rd.	Highland Park
Sunset Foods	Northbrook Shopping Ctr.	Northbrook
Sunset Foods	825 S. Waukegan Rd.	Lake Forest
Sunset Foods	1812 Greenbay Rd.	Highland Park
The Cabinet Shop	431 Temple Ave.	Highland Park
Body Potential Unltd.	484 Central	Highland Park
Mr. Crack Bant. Waterproofing	1510 Old Deerfield Rd.	Highland Park
Covers & Interiors	40 Skokie Valley Rd.	Highland Park
Snuggle Down	473 Roger Williams	Highland Park
North Shore Bedding	1374 Old Skokie Rd.	Highland Park
Guy Viti Insurance	445 Sheridan Rd.	Highwood
Little Italy Restaurant	47 Highwood Av.	Highwood
Bacio Inc.	424 N. Sheridan Rd.	Highwood
Lake Forest/Bannockburn, Pre-School	2100 Half-Day Rd.	Bannockburn
Lake Forest Antique Consignment	950 N. Western Av.	Lake Forest
Robertson's Tailor Shop	240 E. Dearpath Rd.	Lake Forest
Paul T. Price & Son	580 N. Western Ave.	Lake Forest
Libertyville Toyota	211 S. Milwaukee	Libertyville
Prime Minister Restaurant	3355 N. Milwaukee	Northbrook
Clear Reflections	3000 Dundee	Northbrook
Bruno's Upholstery	820 Skokie Blvd.	Northbrook
Photo One	430 N. Milwaukee Ave.	Lincolnshire
The Cabinet People	654 Milwaukee Ave.	Prospect Heights
Tower Garden Restaurant	9925 Gross Point Rd.	Skokie
B'Nai Brith Members Insurance	9933 Lawler Av.	Skokie
House Doctor Remodeling Inc.	1120 Central Av.	Wilmette
Jeanette's	1141 Greenleaf Av.	Wilmette
Caring Hands Massage Center	1116 Central Av.	Wilmette
Caring Hands Massage Center	896 Greenbay Rd.	Winnetka
Bess Hardware & Sports Equipment	1875 Willow Rd.	Northfield

Alphab.

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

December 13, 1989

His Excellency  
Zhu Qizhen  
Ambassador of the People's Republic of China  
2300 Connecticut Avenue, N.W.  
Washington, D.C. 20008

Dear Mr. Ambassador:

Many thanks for sending me the handsome calendar  
of scenes from China.

I appreciate your thoughtfulness, and extend to  
you my wishes for a happy holiday season.

With best regards,

Sincerely,

  
Samuel K. Skinner

*Julie: Thank you note for  
beautiful calendar  
& scenes from China*  
ZHU QIZHEN  
(Chu Chi-chen)

Ambassador Extraordinary & Plenipotentiary  
of the People's Republic of China  
to the United States of America

2300 Connecticut Avenue, N.W.  
Washington, D.C. 20008

Tel: (202)328-2505

THE SECRETARY OF TRANSPORTATION

Quayle

Julie: Thank you  
ZHU QIZHEN  
(Chu Chi-chen)  
Ambassador Extraordinary & Plenipotentiary  
to the People's Republic of China  
to the United States of America  
2300 Connecticut Avenue, N.W.  
Washington, D.C. 20008  
Tel: (202) 328-...

11-25-89

Julie

Just read Friday Post article.

I only have 3 questions

- 1) Is your sister available for hospital
  - 2) where do you sneeze at too?
  - 3) What is your reaction? I thought it was quite positive
- Jan

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

Postage and Fees Paid  
Department of  
Transportation  
DOT 518



Mrs. J. Danforth Quayle  
The White House  
Washington, D.C. 20500

PERSONAL

THE SECRETARY OF TRANSPORTATION

11-9-89

Roger

What about Steve Seider  
for St. Louis. a BioDies?  
See you soon

Jim

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

Postage and Fees Paid  
Department of  
Transportation  
DOT 518



Mr. Roger A. Quick  
Vice President  
Korn/Ferry International  
120 South Riverside Plaza  
Chicago, IL 60606

KORN/FERRY INTERNATIONAL

Roger A. Quick  
Vice President

120 South Riverside Plaza  
Chicago, Illinois 60606

October 30, 1989

Honorable Samuel K. Skinner  
Secretary of Transportation  
Department of Transportation  
400 7th Street, S.W.  
Room 10-200  
Washington, D.C. 20590

Sam:

I'm doing the search for the President/CEO of Jewish Hospital in St. Louis. Great job (\$250-300K plus). The person does not have to be Jewish.

Any good names? Ideas? Have Susan call them into me - or if you're not at a hurricane or earthquake site, I always like talking to you. Many days I wish you were still at Sidley -- and Char could track you down for me in a couple of hours. I miss that.


See you.

RAQ:kg  
Enclosure

*RAQ*

U.S. DEPT. OF  
TRANSPORTATION

89 NOV -3 AM 9:52

OFFICE OF SECRETARY  
OF TRANSPORTATION  
EXECUTIVE SECRETARIAT 

KORN/FERRY INTERNATIONAL

EXECUTIVE SEARCH

POSITION SPECIFICATION

TITLE: President/Chief Executive Officer

COMPANY: Jewish Hospital of St. Louis

LOCATION: St. Louis, Missouri

ORGANIZATION: The Jewish Hospital of St Louis is an acute care, university affiliated, 500 bed (licensed for 628 beds) teaching hospital located in the Central West End of St. Louis City. The Hospital is among the 10 largest acute care hospitals in the State of Missouri. It provides inpatient, outpatient, emergency, home care and hospice services. It is part of an academic health center which includes Washington University School of Medicine with which it is affiliated, plus Barnes and St. Louis Children's Hospitals.

The Hospital was founded in 1900, opened its doors in 1902 and relocated to the Washington University Medical Center campus in 1927. It was reorganized in 1951 through a pro-forma decree of merger involving four institutions. It presently has voluntary, not-for-profit status with an IRS 501(c)3 classification. It has four subordinate corporations:

Jewish Hospital Care Corporation,  
501(c)3 (d/b/a Vital Cardiac Labs)

Jewish Hospital Services  
Corporation, for profit.

Jewish Hospital Health Plus,  
501(c)3 (d/b/a/ ExtraCare)

Park-Med, 501(c)2  
(D/B/A Jewish Hospital Medical  
Offices)

Physician Services Ltd., for  
profit.

The Hospital holds membership in the Washington University Medical Center, the Washington University Medical Center Redevelopment Corporation and has close working relationships with the Jewish Hospital Auxiliary, the Associates in Medicine of the Jewish Hospital and the Jewish Hospital Medical Staff Association.

#### Board of Directors

The Hospital is governed by a Board of Directors consisting of 33 regular, 6 ex-officio, 8 life and 6 honorary members. Officers of the Board include a chairman, vice chairmen, secretary, treasurer, and assistant secretaries and assistant treasurers as may be needed.

#### Management

The management team includes a president and 8 vice presidents. This group includes an executive vice president who oversees 3 operating vice presidents; there are vice presidents for finance, planning/marketing and nursing who report to the president. Also reporting to the president is In-house Legal Counsel.

#### Patient Services

The Hospital's 500 operational beds are distributed over the following inpatient clinical services -- medicine, surgery, obstetrics, rehabilitation medicine and

psychiatry. The medical and surgical services offer all subspecialties except for medical pediatrics and neurosurgery.

The Hospital had 18,200 inpatient admissions in 1988 plus 2,142 newborn infants and operated at 75% occupancy.

Increasingly, the Hospital has moved to ambulatory care activities. The emergency room in 1988 had approximately 26,000 visits; the indigent outpatient clinic received 30,000 patient visits. In addition, there were 70,000 private outpatient visits of which 4,600 were ambulatory surgery cases. Thus, during 1988, there were 126,000 patient encounters on an ambulatory basis.

The Hospital's Home Care and Hospice Program, the oldest such established program in St. Louis, had over 26,000 visits to patients' homes in 1988.

#### Professional Organization

The clinical departments are headed by full-time physicians with academic appointments at the Washington University School of Medicine. Professional policy is coordinated through a medical executive committee which consists of the chiefs-of-staff and the president and president-elect of the medical staff association, president of the Hospital and the vice president of nursing.

#### Medical Staff

The medical staff consists of 850 physicians, 120 of whom are full-time faculty members based at and paid for by the Jewish Hospital. The remaining 730 physicians are distributed among the variety of staff categories including attending, adjunct, consulting and

emeritus staffs. Approximately 200 medical staff members are responsible for 95% of admissions, while 50 physicians are responsible for 50% of all admissions. 78% of admissions are made by physicians who are in the private practice of medicine while 12% are derived from full-time faculty; the balance are admitted by the house staff as service patients.

In addition to the medical staff, there are another 170 physicians associated with the Hospital in house officer capacity including interns, residents and fellows. Many of the residency training programs have been merged with the Washington University programs which include Barnes and Children's Hospitals. The free-standing residency programs at Jewish Hospital include medicine, surgery, physical medicine and rehabilitation and dentistry.

#### Human Resources

In addition to the medical staff there are 3,250 Jewish Hospital employees representing 2,750 full-time equivalent positions. The Hospital is one of the 26 largest employers in St. Louis. Of the employee group, 44% are health care professionals, 6% are in management and the balance are in clerical, service and craft categories. Nearly one-half of employees are between the ages of 21 and 30. Nearly 40% live within 5 miles of the Hospital, 73% of employees are female and 38% are minorities. The Hospital has favorable fringe benefits and assistance programs for employees, has turnover of about 1.5% per month and has active in-house educational programs for both general education as well as for in-service training. Payroll constitutes 50% of the Hospital's

budget. Pay policies and practices are aimed at keeping employees at the 75% percentile of the St. Louis metropolitan area. There are no labor unions.

#### Physical Plant

The Hospital consists of 14 buildings located on 19 acres of land at 4 different sites within the Washington University Medical Center location.

There is a parking garage at the Hospital site for 1,000 cars (449,000 square feet). There are two remote sites which contain another 1,000 vehicles. The Hospital has recently completed an ambulatory care building containing just over 100,000 square feet.

The Hospital buildings are vertically expansible by up to an additional one million square feet.

#### Beds

The Hospital is licensed for 628 beds but is presently operating 500 beds. A renovation program is underway aimed at creating more one bed rooms and adding shower facilities to as many rooms as possible. Crowded two bed rooms are being changed to single bed rooms on a planned basis.

#### Purchasers of Care

Traditionally, patients were referred to Jewish Hospital entirely by its medical staff. Patients paid for their care through Medicare (54%), Blue Cross (18%), private insurance companies (18%), and self pay(10%). Within the past 3 years, much of this has changed with the entrance of health maintenance

organizations (HMOs) and preferred provider organizations (PPOs) on the health care scene.

The Jewish Hospital is a participant in some of these programs including: Blue Cross Alliance Program, Healthcare Network, Sanus, MetElect, Ravelers, Admar, Cigna, New York Life, Partners and PHP. These organizations now pay for about 40% of non-Medicare patient care delivery at Jewish Hospital. The programs are growing rapidly.

#### Finance

The Hospital has gross revenues of nearly \$140 million per year with deductions from revenue for various contractual allowances, bad debt and charity care of about \$13 million per year for a net revenue of \$127 million per year, resulting in bottom line expectations of \$5 million per year or a 4% margin of income over expense.

The Hospital's general fund assets are \$200 million. In addition, there are special purpose and endowment funds totalling \$35 million with endowment fund receivables totalling another \$20 million.

#### Research

Jewish Hospital is somewhat unique in having an independent research program. Most teaching hospitals are clinical centers with investigators falling under the purview of the medical school.

The Hospital presently has 65,000 square feet of wet laboratory space including animal facilities. There are more than 250 employees in the research enterprise. The research budget now is about

\$15 million with about \$1.5 million of this figure derived from hospital endowments; the balance is from government and foundation grants.

REPORTING  
RELATIONSHIP:

The President/CEO shall be responsible to the Board of Directors through its chairman and shall be given the necessary authority and responsibility to operate the Hospital and all its activities and departments subject only to such policies as may be issued by the Board of Directors. He/she shall act as the duly authorized representative of the Board of Directors and all matters in which the Board has not formally designated some other person to so act. A variety of line and staff management positions report directly to the President/CEO.

POSITION  
SUMMARY:

The President/CEO of the Jewish Hospital is responsible for the provision of leadership necessary to implement the Directors policies and programs of the Hospital Board. Additionally, by his/her leadership the President/CEO will help the Jewish Hospital maintain its independence and identity within the Washington University Medical Center while recognizing the inter-dependence of teaching, research, and patient care programs. Furthermore the President/CEO will serve as representative of the Jewish Hospital within the Medical Center and externally with other publics and organizations.

SPECIFIC

RESPONSIBILITIES:

The specific responsibilities of the President/CEO will include but not be limited to the following:

Implements the Mandate and Direction of the Hospital Board.

1. Implements the mission, objectives, policies, standards and plans established by the Hospital Board.
2. Reports progress and problems to the Board.
3. Ensures that the Hospital strategic plan is reviewed and recommended changes are conveyed to the Hospital Board for approval, that resources are allocated in a manner to implement an approved plan, and that the plan is periodically reviewed and modified as needed.
4. The Hospital Board is updating the mission statement for the Hospital. The new statement will emphasize clinical care while maintaining a strong commitment to research and education. The Hospital should annually review this mission statement and reaffirm its commitment to the specific goals expressed.
5. Develop long and short range policies, programs, and financial plans for consideration by the Board.
6. Communication of Board approved programs and policies to employees, medical staff and the community.
7. Serves as an ex-officio member of the Board of Directors and its committees and the provision of

administrative staff assistance to work on committees.

8. Put preparation and submission of regular reports to the Board and its committees reflecting the performance of the Hospital.

Maintenance of Effective Relations Within the Washington University Medical Center.

1. Represents the Jewish Hospital in relationship to the CEOs of the other institutions within the Washington University Medical Center.
2. Maintains liaison with the dean of the School of Medicine with regard to teaching programs at the Jewish Hospital and within the Medical Center.
3. Maintains liaison with the CEOs of the Barnes and Children's Hospitals to ensure smooth working relationships.
4. Delegates to other senior staff liaison relationship responsibility within the Medical Center representation on standing or ad hoc committees.

Effective Maintenance of Relations With External Groups Which Includes the Recommendation of Advocacy Positions on Issues Important to the Jewish Hospital.

1. Church agencies and individuals.
2. Civic communities served by the Jewish Hospital.

3. Local, state and national government agencies.
4. Regulatory and accreditation agencies.
5. Professional organizations.

PROFILE:

Personal Attributes

1. Must have a personal identity with the mission and values of the Jewish Hospital. Must be comfortable in working with and in relating to a religiously sponsored hospital on a daily basis.
2. Must possess maturity, judgment, intellect, sense of humor, and unquestionable integrity.
3. Must have a style which conveys confidence, encourages collegiality and communication, is open, unassuming, direct and noncontrolling.
4. Must possess social and political skills in representing the Hospital to the public and within the Washington University Medical Center.
5. Must be a person of high intelligence and high energy level.
6. Must possess business management skills and thrive in a high pressure environment.

Knowledge

1. Broad knowledge of the health care industry, its trends and contem-

porary issues, at the local, state and national levels.

2. General knowledge and acceptance of Jewish health care, its mission, structure, style and subtleties of operation would be helpful.
3. A graduate degree in an appropriate area of study is recommended.

#### Skills

1. Demonstrated skills in managing an organization with multiple constituencies, where collaboration is vital and process is important.
2. Demonstrated skills in organizational development, recruiting, motivating and rewarding employees. Encouraging an environment that encompasses freedom, innovation, flexibility, initiative and compassion.
3. Demonstrated business skills to be able to lead a large complex organization. Must be able to deal with the patient care, research, and teaching goals of the Hospital and the sometimes conflicting requirements of maintaining a healthy financial condition.
4. Demonstrated skills in consensus building in an environment of diverse opinions.

#### Experience

1. Experience in the health care industry is important. Specific experience in hospitals or related organizations would be an asset but not essential.

2. Experience in leading a diverse organization operating in complex markets characterized by competition and managed care based on a well developed strategic plan will be essential.
3. Experience in a large teaching or university hospital would be desirable and knowledge of inter-relationships within a university medical center will be essential.
4. Experience in corporate development related to growth of the organization through affiliations, mergers, etc. would be desirable.
5. Experience in communicating at all levels to small and large groups both formerly and informally will be important.
6. Experience in dealing with social and political leaders will be essential.

COMPENSATION:

A compensation package including base salary, incentive awards and benefits will be developed.

PROCEDURE FOR  
CANDIDACY:

Send resumes or nominations as soon as possible to:

Roger A. Quick  
Vice President/Partner  
Health Care Division  
Korn/Ferry International  
120 South Riverside, Suite 918  
Chicago, Illinois 60606  
(312) 726-1841

Alphab.

THE SECRETARY OF TRANSPORTATION

Mr. Vice President 10-12-89

Good P.R. and finally I  
found a picture where you  
are tough and I am smiling  
(Kidd y.)  
Jan

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Department of  
Transportation  
DOT 518



The Vice President  
United States Senate  
Washington, D.C. 20510

## Quick stop for Quayle



Times photo by MICHAEL DINNEEN

Vice President Quayle, left, discusses the oil spill in Anchorage Monday as Transportation Secretary Samuel Skinner looks on.

# Quayle says spill will be cleaned

By DANIEL R. SADDLER  
Times Writer

Vice President Dan Quayle Monday said Exxon will return next spring to continue cleaning up the Exxon Valdez oil spill, or the federal government will do it and send Exxon the bill.

"The oil spill has not been cleaned up," he said. "We are committed to making sure that the oil spill be cleaned up . . . We are here to see that the job is completed, and the job is not completed."

The vice president made a two-hour refueling stop at Elmendorf Air Force Base, on his way to begin a 10-day trade visit to South Korea, Japan, the Philippines and Malaysia.

Quayle's visit to Anchorage was even

shorter than his first Alaska trip, when he spent a day talking with governmental officials and picking his way over an oiled beach at Prince William Sound's Smith Island May 4.

He said he was not surprised to learn that the beach was still oiled despite four months of effort by Exxon, but expressed confidence the company would resume cleanup next spring.

"Exxon has said that it will come back, and we take Exxon at its word," he said. "They'll be there. If they're not, then we'll do it for them and send them the bill."

Federal officials including Secretary of Transportation Samuel Skinner, Coast Guard Commandant Paul Yost and Coast Guard Adm. Clyde Robbins briefed the

vice president on the status of the cleanup in meetings at Elmendorf's Alaska Command headquarters building.

Later, the mayors of Valdez, Cordova, Kodiak and the Kenai Peninsula Borough met with Quayle at the base airport VIP lounge, in his third meeting to date with the "oiled mayors."

"There's no better conduit for information on the grass-roots situation than the mayors," said Kodiak Mayor Robert Brodie, who said the local leaders told Quayle of the human impact of the spill.

Though some fishermen are banking huge profits from working the cleanup, others made much less by sticking to their nets, Brodie said.

See Quayle, page A-8

# Quayle: Oil spill

Continued from page A-1

"It's comforting to know that the vice president knows the oil spill cleanup isn't finished," said Cordova Mayor Erling Johansen. He hopes federal or state grants will provide mental health aid to ease tensions among Cordovans, and bolster neglected city services.

Quayle also met with representatives from the fishermen's cooperatives and from the seafood industry, who told him of their reaction to the spill and its cleanup and of their opposition to high seas drift netting.

At the first stop of his trip, in South Korea, Quayle will encourage the government there to sign the recently negotiated treaty to monitor and regulate that nation's squid drift-net fishing fleet, he said. Japan and Taiwan have already signed such agreements.

Sens. Frank Murkowski and Ted Stevens have called for total bans on use of the nets, which are criticized for their alleged use in high seas salmon poaching and for their indiscriminate harvest of marine mammals and birds.

The fishermen and processors repeated that call in their meetings with the vice president. While Quayle said he would concentrate on getting Korea to sign the current agreement first, he didn't reject the idea of a total ban.

"This is a good first step forward to getting regulation of the drift-net fishing," he said. "There may be a need to go beyond it (the treaty), but let us get on with getting transponders on the ships so we have a better understanding of what's going on."

President George Bush in August scratched plans to visit Alaska in September, as Exxon wound down its summer cleanup of the seas and beaches before

'Exxon has said that it will come back, and we take Exxon at its word. They'll be here. If they're not, then we'll do it for them and send them the bill.'

—Vice President  
Dan Quayle

the start of typically foul winter weather.

Quayle couldn't say if Bush would make good on his intentions to visit the spill sites later, but said the president was interested, involved and committed to maintaining a federal presence until the cleanup was completed. Quayle will relay his findings to Bush on his return from Asia.

On that trip, Quayle will push Japan and South Korea for less protectionist trade policies. He also will encourage Japan to increase its economic aid to underdeveloped democracies in Asia, said Dave Beckwith, Quayle's press secretary.

In South Korea, where President Roe Tae Woo is cracking down on dissent, opposition leader Kim Dae Jung is under indictment for alleged national security violations. Quayle will meet with Woo and members of his cabinet, and with four opposition leaders, to talk about human rights.

"It's a common theme of the vice president when he travels throughout the world to try to make sure democracy and human rights are pushed forward on the agenda," Beckwith said.

THE SECRETARY OF TRANSPORTATION

Marilyn

10-18-89

"News" right out of time

I knew it first on the  
way to Alaska. Looking Good  
Jan

BY PAMELA LANSDEN

### FOR THE RECORD

● **Police Action:** Sting, below, has two roles in *The Threepenny Opera*, the musical revival now playing at Washington's Kennedy Center before moving to Broadway Oct. 19. He's acting Mack the Knife onstage, but offstage he is one of the show's Actors' Equity deputies. He makes sure hours and working conditions meet union rules.



● **Un-Common:** A New York judge ruled that William Hurt and Sandra Jennings never had a common-law marriage, meaning Jennings can't sue the actor for spousal support.

● **Blind Ambition:** Victoria Principal has gone that extra mile in playing a blind woman in ABC's TV movie, *Blind Rage*, due later this season. "I didn't want to play this part looking like someone pretending to be blind," she says. So she went to the optometrist and got contact lenses that make her legally blind for the shoot. "If someone is standing at arm's length, I can tell there's a mass in front of me, but I can't tell whether it's a man or woman until they speak," she says.



**CAN WE SHOP?**  
What's a smart shopper to do when she makes the cover of a Bloomingdale's mailer but is provided with clothes for her new syndicated TV talk show by another store, Barneys? That's the dilemma facing **Joan Rivers**, whose eponymous new show has been airing on 137 stations. Joan not only is on the front of Bloomingdale's "B"way" catalog but inside she advises: "Rules one to five, get yourself a great plastic surgeon. Rule six, take good care of what he does to you." Barneys, which donates Rivers's wardrobe for a show credit, shrugs off Joan's two-timing. "She comes



with Spike [her dog] almost weekly and shops with us. We don't have an exclusive deal with her," says a Barneys rep. ●

## John F. Kennedy Jr. is Mr. Popular, keeping company with Daryl Hannah, top, and Madonna.

### WHATEVER MADONNA WANTS . . .

Twenty-seven years ago, **Marilyn Monroe** sang to **President John F. Kennedy**, and now Marilyn's look-alike, **Madonna**, seems to be following suit, cooing into the ear of that handsome young assistant district attorney, **John Jr.** On Sept. 30, Madonna brought JFK Jr. as her date to a party she threw for art world types at younger brother **Christopher Ciccone's** downtown New

York loft. Madonna wanted to interest dealers and collectors in 28-year-old **Christopher's** paintings. Just like his sister's videos, Christopher's oils depict religious imagery, including representations of the Bible's **Madonna**. Onlookers say Madonna spent most of the party cooing up to John, but that he left alone afterward to dine with **Daryl Hannah**, with whom he has been seen before. ●

### READ MY FLIPS

**Second Lady Marilyn Quayle's** seemingly indestructible hairstyle has been undergoing a quiet meltdown since the inauguration. A kinder and gentler "do," right, has replaced Marilyn's antiquated flip, a style that enjoyed its heyday in the mid-'60s. Her new hairdo is long, with soft curls framing her face. "She



just thought it was a good time to try something new. Everybody who's seen her says, 'Boy, she just looks

wonderful,'" says spokeswoman **Denise Balzano**. Balzano won't reveal the hair-magic, but she admits that Quayle's curls are not natural. "She's got beautiful, thick hair, but it's a perm." And what does **Vice President Dan Quayle** think of his wife's curls? "He always thinks she looks wonderful," says Balzano. ●



RALPH DOMINGUEZ/GLOBE PHOTOS

SMEAL/GALELLA LTD.

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DONALD SANDERS/GLOBE PHOTOS

HARRY MALTCHAYAN/WASHINGTON POST

CAPITAL CITIES/ABC

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590


August 7, 1989

Dear Mr. Vice President:

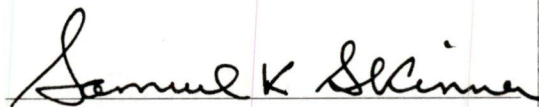
The golf on Friday was great. Many thanks for including Warren Dean and me in a terrific afternoon. Enclosed is my check to reimburse you.

Thanks again.

Sincerely,

  
Samuel K. Skinner

The Vice President  
The White House  
Washington, D.C. 20500

<b>SAMUEL K. SKINNER</b>		5259
ONE FIRST NATIONAL PLAZA		
CHICAGO, ILL. 60603		7 August 19 89
		2-340/710
PAY TO THE ORDER OF	J. Danforth Quayle	\$ 115.00
One Hundred Fifteen and 00/100 ----- DOLLARS		
<b>Amalgamated</b> Trust & Savings Bank CHICAGO, ILLINOIS 60603		
MEMO	Guest/cart fee	
⑆071003405⑆ ⑆519719100⑆ 5259		

Alphabetical

THE SECRETARY OF TRANSPORTATION

Royer

8-16-89

Congratulations on your new  
job. You will do great  
and love it as well. If I  
can help, let me know. Sam

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Department of  
Transportation  
DOT 518



Mr. Roger A. Quick  
25 Princeton Rd.  
Hindsdale, IL 60521

Roger A. Quick

---

PERSONAL & CONFIDENTIAL

August 7, 1989

Sam Skinner  
Secretary  
Department of Transportation  
Washington, D. C.

Dear Sam:

The trip to California went OK.

I'd really appreciate your looking over this. I know you're very busy, but I'd feel better if you had seen it. For me, this is a big, and difficult, decision.

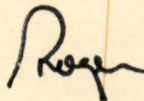
The only thing that we haven't agreed upon so far is a second year guaranteed bonus. I want some protection after the first year. To tell you the truth, I think they are going to agree; if they don't, it's probably a "deal-breaker" for me.

I feel terrible asking you to look at this, but I've always said if I ever got in trouble, you'd be the first guy I'd call.

Is there someone at Sidley (or somewhere else) that I should have look at this carefully? It's pretty standard from their viewpoint.

Thanks.

Sincerely,



KORN/FERRY INTERNATIONAL

COPY

August 3, 1989

CONFIDENTIAL

Mr. Roger A. Quick  
25 Princeton Road  
Hinsdale, Illinois 60521

Dear Mr. Quick:

We are delighted to extend to you this offer of employment with Korn/Ferry International as a Vice President, effective September 5, 1989.

As a Vice President of the firm, specializing in the health care industry, you will be located in our Chicago office reporting to me in my role as Managing Director of the Central Region. You will also work closely with Jim Heurman, who serves as the National Practice Leader for the Health Care Specialty Practice. You will have business development responsibility as well as executive search execution duties. It is our plan to have you focus your business development efforts throughout the Central Region to leverage your expertise in the health care industry and your relationship with key decision makers. Working with Jim, Joe and me, we believe that you can make a substantive contribution to the future growth of our health care practice.

Compensation

Your entry compensation program will be comprised of a monthly base salary of \$10,000.00, payable in semi-monthly increments. In addition, you will be eligible for an annual incentive bonus based primarily on your performance in the areas of meeting placement standards, individual business development, engagement management, quality of performance, and the overall profitability of the firm. Professional bonuses are payable at the end of the firm's fiscal year on April 30 and are contingent on your active employment as of that date. Please review Korn/Ferry's current bonus award ranges and criteria set forth in the plan description and administrative guide attached to this letter.

1800 Century Park East • Los Angeles, California 90067 • (213) 879-1834 • telex 691388 • FAX (213) 553-6452

Mr. Roger A. Quick  
August 3, 1989  
Page 2

The firm has agreed to pay you a guaranteed bonus of \$30,000.00 for your first twelve (12) months of employment with the firm. This bonus will be paid to you in semi-monthly increments of \$1,250.00. These payments will be contingent upon your continued active employment. You will, of course, also be considered for additional bonus compensation beyond this guarantee, should your performance so warrant consistent with the firm's bonus program.

### Employee Benefits

As a Vice President, you will be entitled to nine holidays per year, fifteen days vacation, and fifteen days sick leave. You will also be enrolled in the firm's group insurance program, which includes life, accidental death and dismemberment, and health benefits. Life insurance coverage will be three times your base salary up to a maximum of \$150,000. You may also enroll for supplemental, employee-paid life insurance coverage for two times your base salary to a maximum of \$100,000. If you elect this coverage, you will pay the premium cost through payroll deductions. Your enrollment for life insurance benefits will take effect 60 days after your first day of employment.

You will also participate in the firm's health benefits plan. The cost of this coverage for you is fully paid by the firm. If you choose to also cover your dependents, the cost is partially paid by the firm and the remainder (currently \$60.00 - \$100.00 per month, based on the number of dependents covered) is paid by you through payroll deduction. Your enrollment for medical benefits will take effect 60 days after your first day of employment; enrollment for dental benefits will take effect 90 days following your first day of employment.

In addition, you may enroll in the firm's group long-term disability insurance program which provides disability benefits of 60 percent of your monthly base salary to a maximum of \$10,000.00 per month. The monthly premiums for this benefit are based on your salary. If you elect this benefit, the firm will pay 75 percent of the premium and you will pay the remaining 25 percent through a payroll deduction. Your enrollment for long-term disability benefits would take effect 60 days after your first day of employment.

As a Vice President, the firm will also provide you \$250,000 in travel accident insurance. You may also enroll in the firm's family travel accident insurance program which provides 24-hour coverage to your dependents for travel accidents. If you elect this benefit, you will pay the premium cost through a payroll deduction.

Mr. Roger A. Quick  
August 3, 1989  
Page 3

Once your employment tenure has satisfied the one year eligibility requirement, you may participate in the following retirement programs. You will be enrolled in the Korn/Ferry International Retirement Plan which is a qualified profit sharing plan, funded through employer contributions. You may also enroll in the Korn/Ferry Employee Tax Deferred Savings Plan. This is a qualified 401(k) plan, which allows tax-deferred employee contributions and employer matching contributions.

You will receive a complete benefits package with enrollment forms and plan descriptions upon your acceptance of this offer of employment.

#### Partner Benefits

In December, you may be given an opportunity to enroll in the Executive Benefit and Wealth Accumulation Plan. This partner benefit is a deferred compensation plan that provides retirement, survivor, and disability benefits.

After completing one year of employment, you may also participate in the College Tuition Program. This partner benefit provides \$1,000 per year up to a maximum of \$4,000 for each dependent child enrolled as an undergraduate in an accredited college or university.

As a Vice President, you will also receive \$350 per month as an automobile allowance. The firm will also reimburse you for your monthly dues as a member of the Mid-America Club of Chicago.

#### Professional Requirements

As a part of our standard employment practices for Vice Presidents, you may now or at a later date be asked to sign an employment agreement with Korn/Ferry. A copy of the firm's standard Partner Employment Agreement is attached for your review. By accepting this offer, you are affirming that you will execute this employment agreement without modification upon the firm's request.

As a part of your employment by Korn/Ferry, we also ask that you provide a detailed description of your job history and educational background. A form for this purpose is attached. The information you provide concerning past employment and educational history will be verified by the firm. Your employment is contingent on the accuracy of the information you provide.

Mr. Roger A. Quick  
August 3, 1989  
Page 4

Further, all Korn/Ferry professional employees are required to review and acknowledge the firm's Code of Business Conduct, which governs all aspects of our professional practice. A copy of the Code is attached. Your employment is contingent on your abiding by the provisions of this Code. Please review it carefully and return the signed acknowledgement form with your acceptance of this offer. Please keep the Code itself for your personal files.

#### Business Information and Non-Competition

Please review the following clauses with care. In accepting this offer of employment with Korn/Ferry, you are making a personal commitment to adhere to the provisions set forth below.

In consideration of your employment by Korn/Ferry International, you agree that during the term of your employment, except as necessary to carry on the business of the Corporation, and after the expiration of your employment, you shall not, directly or indirectly, use or disclose to any person, firm, or corporation, any candidate list, personal histories or resumes, employment information, business information, customer lists, business secrets or any other information not generally known in the industry concerning business or policies of the firm, including, but not limited to the firm's list of clients or placement candidates.

You further agree that during the term of your employment, and for the two year period immediately subsequent to the expiration of your employment, you will not directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, stockholder or otherwise) (1) solicit or accept any executive search assignment from, or otherwise attempt to provide services then provided by the firm to, any existing client of the firm or its subsidiaries or affiliates or any person who has been a client of the firm or its subsidiaries or affiliates during the preceding two years, (2) solicit for employment or otherwise attempt to engage the services of any employee of the firm or its subsidiaries or affiliates. The term "client" as used in this clause shall mean only clients as to which you, at any time during the three years preceding termination of employment, contacted or engaged in activities on behalf of the firm.

Mr. Roger A. Quick  
August 3, 1989  
Page 5

Acceptance of Employment

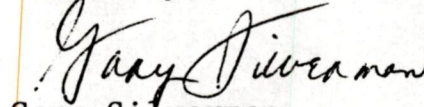
Upon your acceptance of this offer of employment, please acknowledge your agreement with the terms set forth in this letter by signing in the designated space below. A copy of this letter is enclosed for your records.

Please also complete and sign the enclosed documents and return them to me with your signed letter:

- Job History & Education Form
- Code of Business Conduct: Acknowledgement Form
- Personnel Information Form: Professional (Section A)
- W-4 form
- Employee Authorization for Automatic Deposits Form
- I-9 form

I look forward to your joining us and to your success with Korn/Ferry International. If you have any questions, please don't hesitate to call me.

Sincerely,



Gary Silverman  
Senior Officer

ACCEPTED:

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

cc: R. Slater  
J. Heuerman

COPY

KORN/FERRY EMPLOYMENT CONTRACT

AGREEMENT dated SAMPLE, by and between KORN/FERRY INTERNATIONAL, a California corporation, (hereinafter called the "Corporation") and SAMPLE (hereinafter called the "Executive").

W I T N E S S E T H :

In consideration of the mutual covenants contained herein, the parties agree as follows:

FIRST: The Corporation agrees to employ the Executive and the Executive agrees to serve the Corporation, and any subsidiary or affiliate of the Corporation, in the capacity of SAMPLE, for the term of this agreement.

SECOND: The initial term of the Executive's employment under this agreement shall be for the period commencing on SAMPLE, and expiring on SAMPLE, (unless sooner terminated as provided in this agreement) and thereafter Executive's employment hereunder shall automatically continue year to year for further successive terms of one year each (each ending on

the next April 30th, each such year being referred to as an "extended year"), unless at least thirty (30) days prior to the end of the initial term or the then current extended year, as the case may be, either party does not wish the employment of Executive under this agreement to be continued beyond the end of the initial term or then current extended year, as the case may be, in which event Executive's employment shall terminate at the end of such initial term or then current extended year.

THIRD: (A) The Executive shall devote his full time and efforts to the business and affairs of the Corporation, its subsidiaries and affiliates and shall use his best efforts to promote the interests thereof. During the term of this agreement, the Executive shall not engage in any other business or business activity whether or not such business activity is pursued for gain, profit or other pecuniary advantage; provided, however, that the Executive shall not be prevented from investing his assets in such form or manner as will not require any substantial amount of time or services on the part of the Executive in the operation of the affairs of the enterprises in which such investments are made.

(B) The Executive agrees to hold such offices in the Corporation and/or any subsidiary or affiliate of the Corporation to which, from time to time, he may be elected or appointed, without additional compensation. The Executive shall render such services to the Corporation and/or to any and all subsidiaries and affiliates of the Corporation at such times and at such places as shall from time to time be

designated by the Board of Directors and/or the President of the Corporation.

(C) It is contemplated that the Executive shall perform his duties in such places as may be required. The Executive may be obliged, from time to time, and for reasonable periods of time, to travel in the performance of his duties. In such cases, the Corporation shall pay or reimburse the Executive for all reasonable travel and other expenses incurred by him in connection with the performance of his services under this agreement, upon presentation of expense statements or vouchers and such other supporting information as it may from time to time request; provided, however, that the amount available for such travel and other expenses may be fixed in advance by the President.

FOURTH: (A) The Corporation shall compensate the Executive for the services to be rendered by the Executive hereunder, including all services, if any, to be rendered as an officer and/or Director of the Corporation and/or any subsidiary or affiliate of the Corporation. During the initial term of the Executive's employment hereunder, such compensation shall be at the rate of \$ SAMPLE per annum; during an extended year of the Executive's employment hereunder, such compensation shall be at the same rate per annum as was in effect during the prior extended year (or during the initial term in the case of the first such extended year). Corporation may, in its sole discretion, but shall not be obligated to increase Executive's rate of compensation in

the course of Corporation's annual compensation review or otherwise by written agreement with Executive. The applicable compensation for the initial term and for each extended year (if any) shall be paid in equal (semi-) monthly installments.

(B) The Executive shall, in addition to his salary, be eligible to receive an annual bonus as may be approved by the Board of Directors, less income tax withholding and other customary employee deductions. In the event of termination of the Executive's employment under this Agreement, he shall be entitled only to such payment of the bonus as was approved by or pursuant to authority from the Board of Directors as of the date of termination.

(C) The Executive shall be eligible to participate in any group insurance, deferred compensation or other plan or program adopted by the Corporation for the benefit of its executive employees of similar stature of the Executive in accordance with the provisions of the respective plan or plans.

SAMPLE (D) The Executive shall be entitled to (\_\_\_) days annual vacation, exclusive of sick leave and holidays recognized by the Corporation, which may be taken at such times as are consistent with good business practices.

FIFTH: (A) The Executive acknowledges that (i) he holds a senior management position with the Corporation, (ii) in such capacity he is responsible for carrying out procedures and methods by which the Corporation develops and conducts its

business, (iii) he has access to the Corporation's clients, channels for developing clients and recruiting executives for employment, and other confidential information of the Corporation, (iv) he has direct substantial responsibility to maintain the Corporation's business relationship with clients of the Corporation whose affairs he handles, (v) it would be unfair to the Corporation if the Executive were to appropriate to himself or others the benefits of the Corporation's many years of developing such business relationships, especially when the Executive enjoys a relationship with a client of the Corporation as a result of his being introduced to the client's personnel as the representative of the Corporation, (vi) it would be unfair to the Corporation if the Executive were to appropriate to himself or others the benefits of the business, personnel and other confidential information which the Corporation has developed in the conduct of its business and (vii) it is therefore fair that reasonable restrictions should be placed on certain activities of the Executive after his employment with the Corporation terminates.

(B) The Executive agrees during his term of employment, except as necessary to carry on the business of the Corporation, and after the expiration of his employment, that he shall not, directly or indirectly, use or disclose to any person, firm or corporation, any candidate list, personal histories or resumes, employment information, business information, customer lists, business secrets, or any other information not generally known in the industry concerning the

business or policies of the Corporation, including, but not limited to, the Corporation's list of clients or placement candidates.

(C) The Executive agrees that during the term of his employment hereunder, and for the two year period immediately subsequent to the expiration of his employment, he will not directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, stockholder or otherwise), (i) solicit or accept any executive search or placement assignment from, or otherwise attempt to provide services then provided by the Corporation to, any existing client of the Corporation or its subsidiaries or affiliates or any person who has been a client of the Corporation or its subsidiaries or affiliates during the preceding two years, (ii) solicit for employment or otherwise attempt to engage the services of any employee of the Corporation or its subsidiaries or affiliates. The term "client" as used in clause (C) (i) hereof shall mean only clients as to which the Executive, at any time during the three years preceding his termination of employment, contacted or engaged in activities on behalf of the Corporation.

(D) Nothing herein shall be deemed to prevent the Executive after termination of his employment, from engaging in business competitive to that of the Corporation provided the Executive does so without violating the above provisions which, among other matters, prohibit the Executive's utilizing the Corporation's confidential records, soliciting

the Corporation's employees and soliciting the Corporation's clients as defined in clause (C) (i) hereof.

(E) The Executive recognizes and acknowledges that any breach of the foregoing subparagraphs FIFTH (B) and (C) would result in immeasurable and irreparable harm to the Corporation, and accordingly, agrees that in addition to, and not in lieu of, all other remedies available to the Corporation by reason of such breach, the Corporation shall be entitled to temporary and permanent injunctive relief to prevent the occurrence or continuation thereof.

SIXTH: (A) The Executive's employment under this agreement shall terminate upon the first to happen or occur of any of the following events or conditions:

- (1) the death of the Executive;
- (2) the permanent disability of the Executive; or
- (3) the Corporation's election to terminate the employment of the Executive upon notice to him if:

- (a) the Executive shall by reason of illness, physical or mental disability or other incapacity, fail to render the services provided for by this agreement for a period of sixty (60) consecutive days or for nonconsecutive periods aggregating more than one hundred twenty (120) days within any six month period, exclusive of Saturdays, Sundays, holidays or days

on which the Executive was on vacation, provided, however, that the Corporation shall have given the Executive such notice during his absence; or

(b) in the opinion of the Board of Directors of the Corporation, or a committee thereof, the Executive has breached any statutory or common law duty of loyalty to the Corporation, or has neglected those duties in such a manner as to meet reasonable standards of performance established by the Board of Directors or a committee thereof.

(B) All compensation shall cease to accrue upon termination of the Executive's employment.

(C) The Executive's employment hereunder may be terminated with cause by the Corporation in the event the Executive shall commit any act of fraud against the Corporation, or any criminal act. Any such act shall be deemed to be a breach of this agreement by the Executive.

SEVENTH: In the event that the Executive is unable, for any reason to perform the duties required of him under this agreement for a period of thirty (30) consecutive days, the Corporation shall have the right at its option to suspend payment of all forms of compensation provided for in paragraph FOURTH hereof from and after the expiration of such thirty (30) day period. Any such suspension shall not extend

the term of employment hereunder nor shall the Executive be entitled to retroactive compensation for the period of such suspension.

EIGHTH: All notices, requests, demands and other communications provided for by this agreement shall be in writing and shall be deemed to have been given at the time when mailed at any general or branch United States Post Office, by first class postage prepaid, certified or registered mail, return receipt requested, and addressed to the address of the respective party stated below or to such changed address as such party may have fixed by like notice similarly given:

To the Corporation:

Korn/Ferry International  
Executive Offices  
237 Park Avenue  
New York, New York 10017

To the Executive:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SAMPLE

provided, however, that any notice of change of address shall be deemed to have been given only upon receipt, or first attempted delivery by the post office.

NINTH: This agreement shall inure to the benefit of and be binding upon the Corporation, its successors and assigns, and the Executive, his heirs, executors, administrators and legal representatives, except that this agreement shall terminate upon the death of the Executive.

TENTH: This agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any kind and every nature between them.

ELEVENTH: This agreement shall not be changed, modified or amended except by a writing signed by the parties hereto.

TWELFTH: This agreement shall be governed by the laws of the State of New York.

THIRTEENTH: In the event that any provision of this agreement, or the application of any provision hereof, is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, the remainder of this agreement shall not be affected except to the extent necessary to delete such illegal, invalid or unenforceable provision, unless the provision held invalid shall substantially impair the benefit of the remaining portion of this agreement.

FOURTEENTH: This agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this agreement has been executed by the parties in New York on the day and in the year first above written.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

EXECUTIVE

SAMPLE

\_\_\_\_\_

R-

March 15, 1989

Dear Tom:

Thank you very much for your kind note and your thoughtfulness. You are right. I do have the urge to play golf on more than one occasion, and I will give Mr. McCorkindale a call in the near future.

Warmest personal regards.

Sincerely,

Samuel K. Skinner

Mr. Thomas A. Reynolds, Jr.  
Suite 5000  
One First National Plaza  
Chicago, IL 60603

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

Postage and Fees Paid  
Department of  
Transportation  
DOT 518



Mr. Thomas F. Ryan  
Sidley & Austin  
One First National Plaza  
Chicago, IL 60603

THE SECRETARY OF TRANSPORTATION

Dear Tom

11-25-89

Thanks for your note.  
Come see us soon.

SIDLEY & AUSTIN

---

LAW OFFICES

ONE FIRST NATIONAL PLAZA  
CHICAGO, ILLINOIS 60603  
853-7497 AREA CODE 312

From THOMAS F. RYAN

Dear Sam

Jim Cozad is a fine man and deserves this new position. See the last paragraph of the article, for your own interest.

You're doing great in all arenas and your old colleagues are very proud

Tom

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Department of  
Transportation  
DOT 518



Mr. Ira H. Raphaelson  
Assistant United States Attorney  
Northern District of Illinois  
U. S. Courthouse  
Chicago, IL 60604

THE SECRETARY OF TRANSPORTATION

Ira

12-5-89

thanks for your note. you have  
a very big responsibility now. Exercise  
it with a tough but fair attitude  
and you will acquit yourself.

Well for the period you serve.  
Whether Acting or Presidentially  
appointed, Being United States Attorney  
is one of the highest Honors a lawyer  
will ever receive.

Good luck Sen



U.S. Department of Justice

United States Attorney  
Northern District of Illinois

United States Courthouse  
Chicago, Illinois 60604

November 29, 1989

Hon. Samuel K. Skinner  
Secretary of Transportation  
Department of Transportation  
400 7th Street S.W.  
Washington, D.C. 20590

Dear Secretary Skinner:

Tony Valukas told me of your support for my appointment as Interim U.S. Attorney. As you may recall, I had the privilege of serving you as a law school intern when you held the position of United States Attorney. That experience convinced me that there could be no higher calling than the service of our community and no more enjoyable way to do it than to be an Assistant United States Attorney in Chicago. I have been honored to serve as an Assistant U.S. Attorney under Tom Sullivan, Dan Webb and most recently Tony Valukas.

Like their predecessors, the Hon. William Bauer, Governor Thompson, and you, all the U.S. Attorneys I have served as an AUSA, have been hardworking men of integrity who have counseled and lived the advice "to the right thing." When Tony was recently honored by the Chicago Area Boy Scouts, he told me that you and I were the only Eagle Scouts he knew. Therefore, you will understand my pledge "on my honor to do my best" to maintain the standards you all have set in the office you built until the new U.S. Attorney can assume office. Thank you for the support, the honor and the opportunity.

Very truly yours,

IRA H. RAPHAELSON  
Assistant United States Attorney

60 DEC - 1 10 50

U.S. DEPT. OF  
TRANSPORTATION

89 DEC -4 AM 10: 20

OFFICE OF SECRETARY  
OF TRANSPORTATION  
EXECUTIVE SECRETARIAT



1989

U.S. DEPARTMENT OF TRANSPORTATION  
EXECUTIVE SECRETARIAT

U.S. DEPARTMENT OF TRANSPORTATION  
EXECUTIVE SECRETARIAT

U.S. DEPARTMENT OF TRANSPORTATION  
EXECUTIVE SECRETARIAT

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Department of  
Transportation  
DOT 518



Mr. John Rockcastle  
NAS Glenview Flying Club  
200 Tomahawk Lane  
Barrington, IL 60010

THE SECRETARY OF TRANSPORTATION

Dear Doc

11-8-89

Congratulations of your selection  
as 1989 General Aviation  
Flight Instructor of the Year. Award is  
well deserved

Sam Skene



U.S. Department  
of Transportation

**Federal Aviation  
Administration**

11/30/89

DWIGHT DEAN LAW - Winner of the 1989  
General Aviation Maintenance Technician  
of the Year National Award:

Address: Lakeside Aviation, Inc.  
Post Office Box 81  
McHenry, Maryland 21541

Phone: 301-387-4100

JOHN "ROCK" ROCKCASTLE - Winner of the  
1989 General Aviation Flight Instructor  
of the Year National Award:

Address: NAS Glenview Flying Club  
200 Tomahawk Lane  
Barrington, Illinois 60010

Phone: 312-526-5676

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

Postage and Fees Paid  
Department of  
Transportation  
DOT 518



Mr. James H. Russell  
Winston & Strawn  
35 West Wacker Drive  
Chicago, IL 60601

THE SECRETARY OF TRANSPORTATION

Dear Jim

10-20-89

thanks for your note.  
it is interesting to say the  
least. Keep the wheels down  
especially on landing. Lou

# WINSTON & STRAWN

FREDERICK H. WINSTON (1853-1886)  
SILAS H. STRAWN (1891-1946)

35 WEST WACKER DRIVE  
CHICAGO, ILLINOIS 60601

(312) 558-5600

FACSIMILE (312) 558-5700

JAMES H. RUSSELL  
(312) 558-6084

PHOENIX OFFICE  
2300 GREAT AMERICAN TOWER  
3200 NORTH CENTRAL AVENUE  
PHOENIX, ARIZONA 85012  
(602) 279-8500

WASHINGTON, D.C. OFFICE  
2550 M STREET, N.W.  
WASHINGTON, D.C. 20037  
(202) 828-8400

WINSTON & STRAWN, COLE & DEITZ  
175 WATER STREET  
NEW YORK, NY 10038-4981  
(212) 269-2500

October 10, 1989

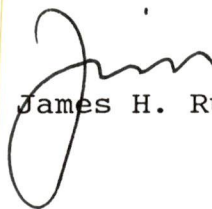
Mr. Samuel K. Skinner  
Secretary of Transportation  
Department of Transportation  
400 7th Street, S.W.  
Washington, D.C. 20590

Dear Sam:

I disagree with this editorial. Your action has been needed for a long time -- and not just in the airline industry. I do agree with the first sentence of the last paragraph.

Best wishes.

Sincerely,



James H. Russell

JHR:cil  
Enclosure

do Oct 13 1989

U.S. DEPT OF  
TRANSPORTATION

89 OCT 17 AM 9:47

DEPT. SECRETARY  
OF TRANSPORTATION  
EXECUTIVE SECRETARIAT



Republican  
National  
Committee

Alpha

September 15, 1989

Dear Delegate or Alternate Delegate:

The Official Proceedings of the 1988 Republican National Convention will be ready soon for distribution. I am happy to report that we are ahead of schedule, and should have it available by the end of the year.

In an effort to distribute the book in the most efficient manner, I am writing to ask for your help. Would you please complete the form below with your correct mailing address, and return it to this office, if you would like to receive a copy of the Official Proceedings.

We would like to have the forms back in this office by October 15, 1989, so we can prepare the list to mail before the close of the year.

Please return your form to me at:

Convention and Meetings  
Republican National Committee  
310 First Street, SE  
Washington, D.C. 20003

Thank you for your assistance.

Sincerely,

Pat Giardina  
Director  
Convention and Meetings

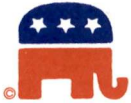
Yes, I would like to receive a copy of the 1988 Official Proceedings.

NAME The Honorable Samuel K. Skinner

ADDRESS Department of Transportation

400 7th Street, SW Suite 10200

Washington, D.C. 20590



Republican  
National  
Committee

September 15, 1989

Dear Delegate or Alternate Delegate:

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Convention and Meetings  
Republican National Committee  
310 First Street, SE  
Washington, D.C. 20003

Thank you for your assistance.

Sincerely,

Pat Giardina  
Director  
Convention and Meetings

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

September 20, 1989

Dear Mike:

Many thanks for dinner last week. It was great seeing you.

I've talked with Alan Dixon, and he is very supportive.

With warmest regards,

Sincerely,



Samuel K. Skinner

Mr. Michael P. Galvin  
Room 3886-C  
Department of Commerce  
Washington, D.C. 20230

PS I spoke to Al Dixon  
He will help.

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

Alphab.  
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Department of  
Transportation  
DOT 518



Mr. John H. Riley  
3411 Cypress Drive  
Falls Church, VA 22042

THE SECRETARY OF TRANSPORTATION

9-7-89

John  
Thank for your note.  
Please keep me in mind if  
I can help in any way. Jon

*John H. Riley*  
3411 Cypress Drive  
Falls Church, Virginia 22042

August 17, 1989

The Honorable Samuel K. Skinner  
Secretary of Transportation  
Department of Transportation  
400 7th Street, S.W.  
Washington, DC

Dear Secretary *Sam* Skinner:

Thanks for being there when I needed you.

I've learned over the past few months that there is a strong psychological element to healing. Patients who confront illness confidently, as an obstacle to be vanquished, simply do better. Those who don't take a fighting attitude seem to have more problems, and they add psychological pain to the physical pain they have already endured.

What lifted me through those first hours after the surprise discovery of the hemorrhage and tumor was you, and the literally hundreds of others who wrote, called or sent flowers. I don't think I can find words to convey what a critical role that played in my recovery. The caring and love shown by so many people created a well of energy that reached across the miles and lifted my spirits through those critical early hours after the surgery. I realized that if I didn't fight this thing and win, I'd not only let myself down, I'd let you down. Your caring made a big difference for me, and Karen and I will be grateful for the rest of our lives.

I'm only disappointed that it took so long to get back to you. But for someone who is now a private citizen with no secretarial resources, the challenge of responding to the hundreds of friends who called or wrote has been a daunting (though very satisfying) experience.

Page Two  
August 17, 1989

The good news is that I've made a complete recovery from the surgery, and I'm now returning to my personal and professional pursuits with renewed vigor. While there are clearly challenges ahead, including completion of an outpatient treatment program over the next several months, I'm on my way back, and feel very lucky to have discovered the problem early when it can be treated. I expect to resume an essentially normal personal and professional schedule this week.

I doubt that you'll ever know how much your support meant to me. But I know, and Karen and I will always be grateful.

Yours Very truly,



John H. Riley

THE SECRETARY OF TRANSPORTATION

8-3-89

Dear Congressman Robinson

Welcome aboard. Hope to  
see you soon.

Gene Stenger

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Department of  
Transportation  
DOT 518



The Honorable Tommy F. Robinson  
House of Representatives  
Washington, D.C. 20515

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

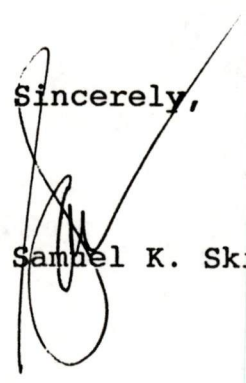
July 11, 1989

Dear Lee Ann:

I wanted to thank you and your colleagues for coming in to see me yesterday on the cellular phone. The session was very enlightening, and I especially appreciated your understanding.

With best wishes,

Sincerely,



Samuel K. Skinner

Ms. Lee Ann Riesett  
Regional Sales Manager  
Cellular One  
Suite 100  
7855 Walker Drive  
Greenbelt, MD 20770

*Lee Ann*  
*Sorry to see so tough*  
*on a great Salesperson.*

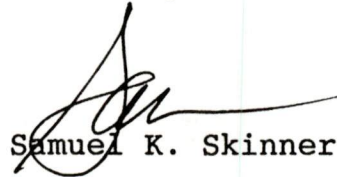
THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

June 22, 1989

Dear Tom:

Thanks for spending time with me yesterday.  
I enjoyed it. Let's do it again soon.

Sincerely,



Samuel K. Skinner

The Honorable Tom Railsback  
Graham and James  
Suite 700  
2000 M Street, N.W.  
Washington, D.C. 20036

MEMO 21 JUN 89 GREEN FEES  
Amalgamated First Bank  
CHICAGO, ILLINOIS 60603

5208 5208

THIRTY-FIVE AND 00/100

PAY TO THE ORDER OF THOMAS RAILSBACK

\$ 35.00

21 JUN 19 89

2-340/710

5208

Amalgamated First Bank  
CHICAGO, ILL. 60603  
ONE FIRST NATIONAL PLAZA

SAMUEL K. SKINNER

5208

5208

Alphabetical

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

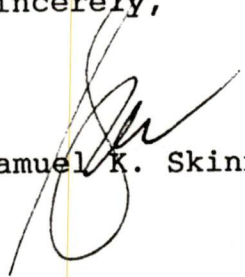
Mr. Bruce Ressler  
Senior Electronics Engineer (DTS-56)  
Transportation Systems Center  
U. S. Department of Transportation  
Kendall Square  
Cambridge, Massachusetts 02142

Dear Bruce:

Many thanks for your assistance in the setup and check out of the Aircraft Situation Display terminal in my office. I am extremely impressed by its capabilities and use the system often.

Everyone involved did a first-rate job and I just wanted to express to you my appreciation for your dedication to the task.

Sincerely,



Samuel K. Skinner

Alphabetical

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590  
OFFICIAL BUSINESS



Postage and Fees Paid  
Department of Transportation  
DOT 518

Mr. Martin F. Robison  
Sidley & Austin  
One First National Plaza  
Chicago, IL 60603

THE SECRETARY OF TRANSPORTATION

Marty.

6-7-89

thanks for your note. I will  
see what I can do. Stop in next  
time you are in D.C.  
Say Hello to Everyone.

*Sam*



THE SECRETARY OF TRANSPORTATION

February 23, 1989

Dear Al:

I greatly appreciate House Resolution 2019.  
How thoughtful of you to remember me in such  
a nice way.

Come to see me when you are next in Washington --  
but not with a client.

Warmest regards,

A handwritten signature in black ink, appearing to be 'J. Carter' or similar, written in a cursive style.

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590  
OFFICIAL BUSINESS

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Department of  
Transportation  
DOT 518



The Honorable Alfred G. Ronal  
State Representative - 12th District  
Illinois House of Representatives  
2113 Stratton Building  
Springfield, Illinois 62706

Alphabetical

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

June 6, 1989

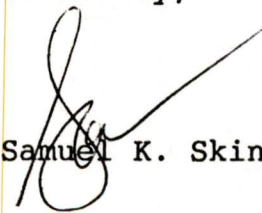
Lieutenant Mark Rose  
Commanding Officer (C-1)  
U.S.C.G. Support Center  
Governors Island, N.Y. 10004

Dear Lieutenant Rose:

Thanks for all your logistics support during my recent visit to Governors Island and New York City. You helped me make the most of the short time I had available on this trip to Governors Island. I especially applaud your efforts in coordinating the breakfast meeting in the dining facility.

I look forward to seeing you on my next trip to "The Rock."

Sincerely,



Samuel K. Skinner



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

June 5, 1989

Dear Dan:

I appreciated very much having dinner with you last week. Your good company was a pleasure and your wise counsel most welcome. I'm looking forward to working with you.

With warmest personal regards,

Sincerely,

A handwritten signature in black ink, appearing to read 'Samuel R. Skinner', is written over the typed name. The signature is stylized and somewhat cursive, with a long, sweeping line extending upwards and to the right.  
Samuel R. Skinner

The Honorable Dan Rostenkowski  
Chairman  
Committee on Ways and Means  
2111 Rayburn House Office Building  
Washington, D.C. 20515

Alpha

THE SECRETARY OF TRANSPORTATION

Dear Chief

7-27-89

thanks for the "ride"  
What a sight. the  
Secretary DOT all west.  
Sam Skinner

THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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Department of  
Transportation  
DOT 518



Chief Rowan  
United States Coast Guard  
Group Monterey  
100 Lighthouse Ave.  
Monterey, CA 93940-1497