Mr. TITTERTON. May I respond to Congressman Teague's question? There is another factor bearing on stretchout which becomes important if any followon program such as AAP is intended. If you were to look at your handout, figure 1 lists recommended reorder dates. This shows that our subcontractors—and this refers to all the major systems, which would be approximately some 80 to 90 percent of the total outside cost—the end of their line is in the very near future. They are only talking 3 to 4 months from now, and all of these people, if they are going to have any continuity, must have a reorder.

Now, if you go to the figure before that, it shows you (fig. 2-3) fiscal 1966 and 1967 expenditures, major subcontractors, it shows you here——

Chairman TEAGUE. What do you mean by reorder?

Mr. TITTERTON. Well, they would have delivered all requirements for the present 15 LM's. If there are to be any followup LM's or equivalents, they will be breaking down their lines and have to start over fresh until they got an order at that time.

Representative WAGGONNER. Actually, isn't this predominant in all your thinking about stretchout? Isn't this the real reason for additional cost—the breakdown of continuity?

Mr. TITTERTON. Yes. This is the point that Joe was making, but I would like to make another point, that your major cost will have been expended as of 3 or 4 months from now. If you look at page 46 of the statement it shows you the rate of expenditures of the subcontractors. You will find that presently they are running about $15

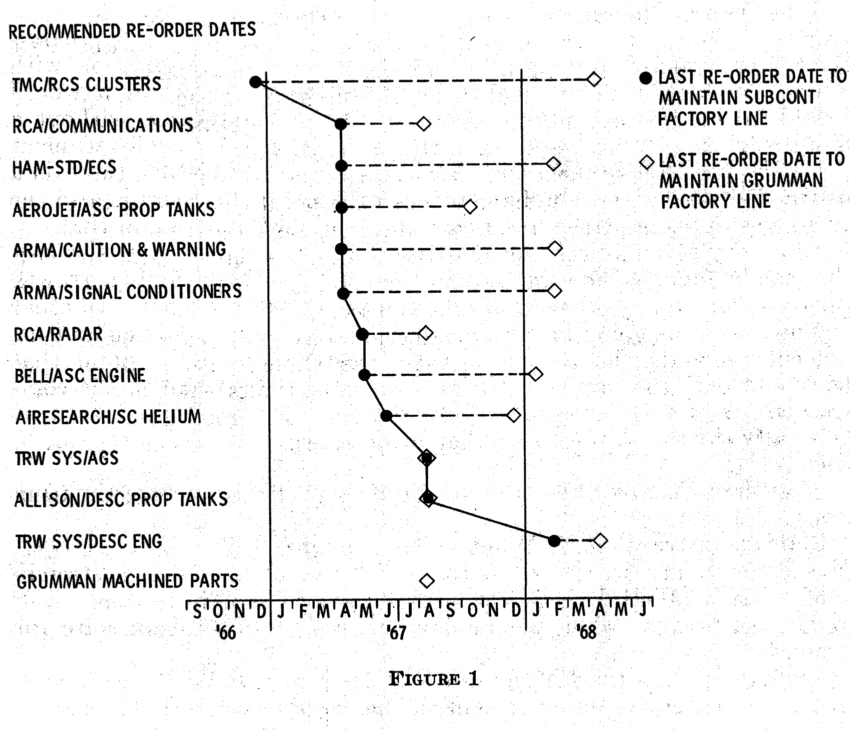

FIGURE 1