(4) trade secrets and commercial or financial information obtained from any person and privileged or confidential;

(5) inter-agency or intra-agency memorandums or letters which would not be available by law to a private party in litigation with the agency;

(6) personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;

(7) investigatory files compiled for law enforcement purposes except to the extent available by law to a private party;

(8) contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of any agency responsible for the regulation or supervision of financial institutions; and

(9) geological and geophysical information and data (including maps) concerning wells.

NOTE.—See Attorney General's Memorandum on the Public Information section of the Administrative Procedure Act, June 1967, for a general discussion of the above exemption clauses.

6. The foregoing instructions shall control insofar as they are at variance with existing orders, and the latter should be considered as modified to that extent. But nothing herein should be considered as authorizing the changing of existing practices with respect to congressional correspondence.

7. The Director, Office of Administrative Services, and the General Counsel shall immediately undertake in light of the foregoing instructions, as a joint project, the revision of Comptroller General's Orders No. 1.10, Safeguarding Official Documents and Papers of the General Accounting Office, No. 1.3, Intra-Office Decisions and Instructions, and any other order modified by the instructions herein. The Office of the General Counsel shall be responsible for the preparation of any revised order as a codified document in the event publication in the Federal Register is decided to be appropriate.

8. This memorandum shall be effective immediately.

ELMER B. STAATS,
Comptroller General of the United States.

Chairman PROXMIRE. Go right ahead, Mr. Staats.

Mr. STAATS. To continue on this subject of lease versus purchase by contractors of facilities and equipment.

In addition to the fixed annual rentals, the contractor obligated itself to provide maintenance and insurance protection and to pay all real estate taxes and assessments. Since the contractor assumed the obligations normally associated with ownership of real property, it appears that the principal function performed by the lessors was to finance the construction of the facilities.

We believe that the armed services procurement regulation—and this is our main point—encourages contractors to lease facilities. Contractors who lease their facilities and contractors who purchase their facilities receive the same fees under profit guidelines in the regulation. On the other hand, a contractor that utilizes Government facilities may be penalized by a reduction in the rate of profit of up to 2 percent. Further, the ASPR does not allow reimbursement of interest costs for borrowed capital if the contractor decides to acquire real property through purchase rather than lease.

It is our view, therefore, that the contractor which purchases its facilities contributes more to the performance of Government contracts than the contractor that leases such property and that this should be recognized in contract negotiations.

We believe the armed services procurement regulation should be revised to distinguish between owned and leased facilities in establishing profits or fees. We previously made a report on long-term leasing of buildings and land by another Government contractor. In reply to our report we were advised that the Department's Armed