taken to obtain approval subsequent to the review performed by the General Accounting Office.

The following contractors were included in the above finding:

Beech Aircraft Corporation
Blades Manufacturing Corporation
Curtiss-Wright Corporation, Wright Aeronautical Division
FMC Corporation, Northern Ordnance Division
Harvey Aluminum (Incorporated)
Holley Carburetor Company
Kaiser Aluminum (Incorporated)
Kelsey-Hayes Company, Heintz Division
Menasco Manufacturing Company, Texas Division
Raytheon Company, Missile Systems Division
Rohr Corporation
Selb Manufacturing Company
Sikorsky Aircraft Division, United Aircraft Corporation
*Sperry Gyroscope Company, Division of Sperry Rand Corporation
The Boeing Company, Wichita Division
*TRW, Inc.
University of Chicago
University of Maryland
Wyman-Gordon Company

CURTISS-WRIGHT CORP.,
Wood-Ridge, N.J., January 4, 1967.

(Attention: Mr. C. M. Bailey, Deputy Director).

U.S. GENERAL ACCOUNTING OFFICE,
Defense Division,
Washington, D.C.

Dear MR. BAILEY: Mr. Berner has referred to me for reply your letter of November 29th which enclosed a copy of Comptroller General Report B–140389 entitled "Need for Improvements in Controls Over Government Owned Property in Contractors' Plants".

As noted in your transmittal letter to the Congress, representatives of your office have already discussed the details of your findings with the contractors involved, and we provided comments at that time. We believe we supplied full explanations to all questions, and to the best of our knowledge, no conditions were indicated where this contractor did not fulfill all of its obligations.

To appreciate fully the government-property situation at Curtiss-Wright, it should be pointed out that the bulk of the property (including special tooling) was acquired in two major time periods, i.e. 15 years ago for the Korean Conflict and over 20 years ago for modernization, at which time we were a major engine producer for the military. It has been used since then to produce, among other products, approximately 2.4 billion dollars worth of military engines and spare parts. For many years we have not produced engines in quantity and, at present, are in essence the sole source for Reciprocating and J–65 engine spares and parts, and therefore are maintaining a capability for the production of items nearing the end of the product life cycle. In maintaining the capability to produce on a forward basis those parts on a when needed basis, we find poorer utilization, excessive rent costs to Curtiss-Wright, and the inability to surplus equipment without eliminating the Military's sole source for parts. With your indulgence, we wish to enumerate certain specific events of the past few years to exhibit the property administration problems we encounter:

In 1964–1965, a $500,000 machine shop line for the production of compressor rotor blades for jet engines was 100% idle for eight consecutive months and no orders were received for a period of two years. Curtiss-Wright was criticized for retaining this equipment despite the fact that the procurement office (SAAMA) projected future needs for at least five more years. In 1966 this sole source capability line alone produced 37% of the total J–65 blade volume and in addition, was upgraded from stainless steel to Inco 700 material.

Had we simply followed the surplus route, Curtiss-Wright may have been subjected to severe criticism for being unable to support the spares requirements for Curtiss-Wright engines still active in the military inventory.

In Wood-Ridge, about one-half of the government equipment furnished 15 to 20 years ago is represented by Test Cells and support equipment constituting heat treat, paint and plate, tool room equipment, cutter grinders and the like; which,