It is of interest to note that this division committed itself for privately financed capital equipment through this period in amounts by fiscal years of approximately the following:

1962	$1,164,000
1963	1,853,000
1964	1,005,000

Since that time, this division has continued to make sizable capital investments. For the last three fiscal years the capital investment was approximately as follows:

1965	$ 782,000
1966	2,025,000
1967	5,446,000

In addition, at the close of the 1967 fiscal year, there were approved but unexpended capital appropriations at this division amounting to approximately $4,470,000.

We trust the above comments will be helpful. Thank you again for extending us the opportunity to comment on your report.

Very truly yours,

CHARLES HUMMEL.

UNITED AIRCRAFT CORP.,
December 8, 1967.

Mr. C. M. BAILEY,
Deputy Director, Defense Division,
U.S. General Accounting Office,
Washington, D.C.

DEAR MR. BAILEY: This is in reply to your letter of November 29, 1967 forwarding a copy of your recent report on Need for Improvements in Controls Over Government-Owned Property in Contractors' Plants, and requesting comments on the findings pertaining to our company.

Your report does not give the names of the contractor organizations included in your findings, and so far as we have been able to determine internally, only two of our divisions have recently been subject to GAO audits related to government property, and may be included in your findings. These two divisions hold government-owned facilities having an aggregate original cost of approximately $11,000,000. In neither instance did your field representatives indicate that they had any significant criticisms of our divisions as a result of these audits, and the passages in the report which you indicated as applicable to our company appear to bear this out. Accordingly, we have no comments to make.

The recommendations in your report would entail some serious administrative and other problems; however, we feel that these can best be commented upon by ourselves and other contractors in response to any proposed changes in the Armed Services Procurement Regulation which may be initiated by the Department of Defense as a result of your investigation.

Sincerely,

W. P. GWINN, *President.*

CONTINENTAL AVIATION & ENGINEERING CORP.,
December 12, 1967.

Mr. C. M. BAILEY,
Deputy Director, Defense Division,
U.S. General Accounting Office,
Washington, D.C.

DEAR MR. BAILEY: Your letter of November 29, 1967, to Mr. A. W. Wild, President of Continental Aviation and Engineering Corporation, has been referred to me.

I have now isolated the portions identified as "marginal notations" and have done some investigation. It appears that the General Accounting Office investigation effort was completed some time ago and I am attempting to locate the people at Continental identified with this activity.