

considers the work will require 5½ years to complete, however, General Electric, will start immediately, will transfer the necessary additional qualified manpower from other departments in order to complete this order in the shortest possible time and will exert its best efforts to meet as nearly as possible the Government-required delivery date.

*June 22, 1967.*—Secretary of Defense McNamara, in response to the May 8, 1967, letter from Senator Pastore, chairman, Joint Committee on Atomic Energy, advises Senator Pastore that General Electric has agreed to assign the necessary additional manpower to start design work now for the required equipment and to complete the order as expeditiously as possible. In this letter to Senator Pastore, Secretary McNamara states that the Navy and General Electric are continuing to work out additional details and, hopefully, within the next few days a contract for this work will be executed.

*June 22, 1967.*—General Electric, in a letter from Mr. Craig (GE vice president) to Mr. Behney (EB vice president), acknowledges receipt of the June 21, 1967, Electric Boat letter offering General Electric a letter contract to start work on [classified material deleted] SSN main propulsion equipment. The letter states that General Electric will contact Electric Boat when they have resolved any changes they consider necessary in the proposed letter contract.

*June 27, 1967.*—Mr. Howard Spears, manager, Marine and Naval Turbine Design, General Electric Medium Steam Turbine, Generator and Gear Department, calls Mr. E. E. Lindahl, Electric Boat, [classified material deleted] SSN project manager. Mr. Spears advises Mr. Lindahl that he, Mr. Spears, has been appointed the General Electric project engineer for [classified material deleted] SSN main propulsion equipment. Mr. Lindahl lists for Mr. Spears the individuals within Electric Boat associated with his procurement. Mr. Lindahl also advises Mr. Spears that Electric Boat is ready at any time to answer any questions General Electric may have concerning this project. Mr. Spears states that he will contact Mr. Lindahl again when General Electric is ready to discuss this project further.

*July 6, 1967.*—Mr. Walsh (GE sales manager) calls Mr. Price (EB vice president) and requests an informal meeting with no signed minutes or agreed conclusions and commitments between General Electric and Electric Boat to discuss [classified material deleted] SSN main propulsion equipment procurement. Mr. Pierce agrees and the meeting is set for July 11, 1967.

*July 11, 1967.*—Representatives of General Electric, Mr. Spears (GE, MSTG & G) and Mr. Walsh (GE sales manager), meet with representatives of Electric Boat, including Mr. Pierce (EB vice president) and Mr. Lindahl (EB, [classified material deleted] SSN project manager). The General Electric representatives state that General Electric will not accept the letter contract proposed by Electric Boat on June 21, 1967. They present, instead, an alternate letter contract to perform a general study of the [classified material deleted] whose functions are described in the February 9, 1967, Electric Boat inquiry, and a comparison of the relationship of that system and other systems with the objectives of this project. Specifically, General Electric proposes to study [classified material deleted] Mr. Pierce states that Electric Boat considers that studies should be limited to those specifically supporting the preliminary design of the [classified material deleted] equipment requested by Electric Boat. Mr. Pierce points out that Electric Boat had requested General Electric to conduct feasibility studies of this equipment in November 1965 but General Electric had responded that it could not start such studies until after December 1966. In order to avoid delay, the Navy and Electric Boat had proceeded with the studies necessary to select the [classified material deleted] described in the Electric Boat inquiry. Mr. Pierce states, however, that Electric Boat would discuss any questions General Electric had relative to the objectives of this project and would summarize for General Electric at any time the basis for equipment selection and plant design. The substitute letter contract proposed by General Electric also requires that the work be done in four phases each phase requiring a separate contract agreement. This letter contract, therefore, would not commit General Electric to build the equipment requested by Electric Boat. In addition, the substitute letter contract proposed by General Electric omits any General Electric commitment to start work on this project immediately, to assign the necessary qualified personnel to the work and to use its best efforts to meet the Government's required delivery date for the equipment. It also omits any reference to General Electric furnishing the ship's service turbine generators.