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SAFSL-1

MEMORANDUM FOR GENERAL FERGUSON  
DR. MC LUCAS

SUBJECT: MOL Systems Office Post Termination Report

1. The attached report will be the final report submitted during my tenure as Deputy Director, Manned Orbiting Laboratory.
2. The report has been structured to reflect the continuity of activity and the results thereof which began with the public announcement of the termination of the MOL Program by the Secretary of Defense on 10 June 1969. My primary concern on that date was to disengage the Government from its contractual commitments in the most orderly and cost effective manner while simultaneously maximizing residual Program benefits.
3. Immediate notifications were forwarded to all contractors directing complete termination, partial termination, or stop work as was appropriate, and terminations of agreement were forwarded to other Government agencies. Internally, actions were initiated to fully support the designated Termination Contracting Officers and to reassign MOL SO personnel expeditiously.
4. The first post termination funding requirement documents received for the MOL SO contractors indicated a requirement for \$140M, a requirement considerably in excess of the \$125M programmed for MOL during FY 70. Consultations were held with both contractors and TCOs. Continued emphasis on cost reduction and rapid inventory disposition has reduced the stated funding requirements to \$128M effective 30 September 1969. Because of our continuing efforts, I anticipate that the ultimate requirement will fall within the authorized \$125M level.
5. I have outlined in Part V of the report those actions and assignments of responsibility which I consider appropriate during the period between my retirement on 1 December 1969 and 30 June 1970. Part VII outlines the assistance required by the MOL SO both prior to and following 30 June 1970 on which date the MOL SO will cease to function as an office.

*J. S. Blaymaier*

J. S. BLAYMAIER, Maj Gen, USAF  
Deputy Director, MOL

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MOL Systems Office Post  
Termination Report

Cy to: SAFSL, Col Ford

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MOL SYSTEMS OFFICE

POST TERMINATION REPORT

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PART I

INTRODUCTION

PART I - INTRODUCTION

In the time since the public announcement of the termination of the MOL, considerable progress has been made to close out the program.

Although the announcement was made on 10 June 1969 that the MOL was officially terminated, in reality, the announcement constituted termination only of the manned aspects of the program. The direction concerning MOL termination was further complicated when specific instructions were issued to continue certain manned related work until NASA could determine what work, if any, would be continued under their funding and control. Also, the commonality of the T-III family (B, C, D) with the T-IIIM (MOL) dictated that certain T-IIIM development efforts were scheduled to be incorporated in other T-III models. Additional time (until 18 July 1969) was required to define the most economically advantageous method of continuing the necessary T-IIIM effort in order to finalize a plan by which final contractual coverage was issued and responsibility for continuing the effort was assigned to SAMSO's T-III SPO.

As a consequence of the aforementioned circumstances, complete termination direction on all MOL contracts was issued 31 July 1969.

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PART II  
PLAN FOR TERMINATION  
AND  
CONTRACT TERMINATION STATUS

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**PART II - PLAN FOR TERMINATION AND CONTRACT TERMINATION STATUS**

Upon notification from higher Headquarters that the MOL Program was terminated, a careful plan was laid out to identify termination action that was to be accomplished by the Systems Office. The following is a chronology of those actions:

Status from 10 June through 15 Oct 69

A. Col Fred H. Dietrich was appointed Termination Contracting Officer (TCO) for the MOL SO on 10 June 1969. Mr. Thomas W. Rutter was appointed TCO vice Col Dietrich on 1 July 1969.

B. Contracts terminated. TWX's were issued to the following Associate Contractors on 10 June 1969:

1. TIIM Family

(a) Martin (AF04(695)-997) - Partial termination of contract on 10 June with certain specified effort authorized to continue until 24 June 1969. On 24 June, the Contractor was advised that the contract was to be terminated effective 10 July 1969, thereby completing the termination of said contract.

(b) AC Electronics [REDACTED] - Same as Martin.

(c) Aerojet General (AF04(695)-941) - Same as Martin.

(d) UTC [REDACTED] - Partial termination of contract on 10 June with certain specified effort authorized to continue until 24 June 1969. On 24 June, the Contractor was advised that the contract was to be completely terminated effective 10 July 1969. On 9 July, this direction was revised to reinstate UBS/TVC development effort to 18 July 1969, at which time said effort was terminated thereby completing the termination of said contract.

2. MDAC - ED [REDACTED] - Complete termination of contract on



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10 June 1969.

3. MDAC - WD (A) [REDACTED] - Complete termination of contract on 10 June except for certain specified subcontractor effort that was placed on Suspension of Work until 24 June 1969, at which time said effort was terminated, thereby completing the termination of said contract.

4. MDAC - WD (B) (AF18(600)-2956) - Complete termination of contract on 10 June 1969.

5. GE (A) [REDACTED] - Complete termination of contract on 10 June 1969.

6. GE (B) (AF18(600)-2955) - Partial termination of contract on 10 June with certain specified effort placed on Stop Work for 30 days. Stop Work cancelled and complete termination of contract was issued on 30 June 1969 thereby completing the termination of said contract.

7. TRW (A) [REDACTED] - Complete termination of contract on 10 June 1969.

8. TRW (B) (AF18600-68-C-0005) - Stop Work Order issued on 10 June 1969. and complete termination of contract issued on 16 June, thereby completing the termination of said contract.

9. EK (AF18(600)-2864) - Partial termination of contract on 10 June with certain specified effort authorized to continue, with complete termination to be effected as soon as possible after 24 June 1969. On 27 June, a TWX was issued terminating the contract effective 30 June 1969 thereby completing the termination of said contract.

10. Hamilton-Standard [REDACTED] - Stop Work Order issued 10 June. Stop Work cancelled on 24 June and Contractor was directed to proceed on a minimal expenditure basis for certain specified effort up to 31

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July 1969. On 31 July, a TWX was issued superseding the 24 June TWX and terminating the contract effective 31 July, thereby completing the termination of said contract.

11. Whirlpool [REDACTED] - Stop Work Order issued 10 June. Stop Work cancelled on 24 June and Contractor directed to resume work. On 11 July 1969, said contract was transferred to NASA.

C. Technical Evaluation

1. Immediately subsequent to the dates of complete termination on the the various contracts, the MOL SO began the preparation of reports detailing the contractors' technical progress and technical performance.

2. To insure that the Termination Contracting Officers were furnished the best available data, the MOL SO directed that separate evaluations be conducted by the Aerospace Corporation and the SO. After all reports were completed, any differences in the reports were discussed and a common position developed. These evaluations were then made available to the TCO's for use during their individual negotiations.

3. During the period 10 June 1969 to 30 June 1969, Aerospace supported the MOL SO in all activities related to equitably formulating the technical percentage of completion of each of the MOL contractors for which they had had a GSE/TD responsibility.

(D) Financial Management Activities

1. Funding Policy. The MOL funding policy through the first three quarters of FY 67 was one of commitment funding (obligating funds for each contractors' expenditures and non-cancellable commitments and his respective pro rata of target fee). During the fourth quarter of FY 67, funds which the Assistant Secretary of the Air Force for Research and Engineering had hoped to reprogram to MOL did not become available and a policy of funding less than

commitments but more than expenditures (expenditure funding) was authorized. The Assistant Secretary of the Air Force reviewed the financial status on a monthly basis and advised the Secretary and Assistant Secretary of Defense of the situation. Although the MOL contracts were funded on a commitment basis during the first three quarters of FY 68 and FY 69, the policy of expenditure funding as in FY 67, again was authorized in the 4th quarters of FY 68 and FY 69. At the time of cancellation this amounted to approximately \$73M. When added to the STC requirements (\$47M) and work ~~not~~ terminated subsequent to 10 June (\$8M) this brought the total Government requirement to approximately <sup>1</sup> \$128M. The first MOL priority was to apply monies (\$81M) to cover the Government deficit at the time of complete termination. The second priority was to apply monies for Special Termination Cost requirements. The following actions were taken consistent with this policy.

2. Financial Reports.

(a) On 18 June, a TWX was issued to all cognizant plant TCOs requesting Contract Financial Status and Forecast Reporting to be submitted monthly. This report was to provide the MOL SO current contract fund requirements and the funding required for Special Termination Costs.

(b) On 11 July, a revised format for the above report was furnished the TCOs. This format requested the fund requirements be time phased by FY quarter.

(c) The SO personnel have analyzed these reports, not only for current fund requirements but the overall financial status up through the final termination settlement, to ascertain if the fund forecast is reasonable.

3. Funding Actions

(a) The following Contractors were underfunded at the time of

<sup>1</sup> Per Contractor Reports as of 30 September 1969.

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termination:

MDAC - WD (A)	Aerojet General
MDAC - ED	UTC
GE (A) & (B)	EK
Martin	AC Electronics

(b) The following Contractors were fully funded (Limitation of Government's Obligation (LOGO) only) at the time of termination:

Hamilton Standard	MDAC - WD (B)
Whirlpool	TRW = (A) & (B)

(c) In July, the first increment of FY 70 funds were received. These funds were obligated to the following Contractors to make up the deficit LOGO funding and to change the fund runout date in the Contract.

MDAC - WD (A)*	Aerojet General*
MDAC - ED	AC Electronics
GE (A) & (B)	UTC
Martin	EK *

\* Contractors that were fully funded except for STC.

In addition, an increment of funds was obligated on the MDAC-WD (B) and EK contracts for Special Termination Costs.

(d) In September, a second increment of FY 70 funds was received to complete the deficit funding. Said funds were obligated to the following Contractors to complete the LOGO funding through date of complete termination:

Martin	GE (A) & (B)
UTC	MDAC - ED

(e) All Contractors except AC Electronics and TCOs have been advised by TWX and letter that the above funding actions complete the funding of the contracts except the funding required for Special Termination Costs (STC). As additional increments of funds are received, they will be

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obligated to fund STC upon a request from the TCO that the funds are required. AC Electronics reporting does not indicate a need for additional funding under LOGO, however, they do not agree that they are fully funded.

E. Inventory Disposition

1. Letters were issued to all cognizant plant TCOs setting forth the priorities to be utilized for disposal of the termination inventory.

2. Certain major items of termination inventory were covered by a special committee. (See Figure 1)

3. In early October, the TCOs were requested to submit a report to the SO by 31 December 1969 with an update every 30 days. This report is to reflect the disposition of termination inventory having a value of \$1,000,000 to a single recipient.

F. Associated Reports

1. Manpower

(a) At the time of termination, the TCO was requested to provide the Contractor's total manpower on contract as of 10 June and the number of personnel separated as a result of termination.

(b) On 24 July, a TWX was sent to the cognizant plant TCOs requesting manpower data be submitted on a monthly basis. This report included number of equivalent personnel charged to the MOL contract (direct and indirect), number of personnel separated from the company due to the termination, a forecast of personnel through final termination settlement, and the same information for each subcontract of \$5 million and over.

(c) There have been various meetings and discussions with the TCOs and Contractors regarding the manpower. The latest report indicates that the reduction in manpower is very good and, in most cases, has

STATUS OF ACTIONS IN SAFSL MESSAGE DATED 1 OCTOBER 1969

ITEM

ACTION

- PART II
- 1. Feeding System - Transferred to NASA
  - 2. Gemini AGE - TCO advised SO ltr dtd 30 Jun 1969 and in meeting on 1-2 Jul 1969 transfer in progress SO review scheduled at St. Louis week of 3 Nov 1969
  - 3. Waste Management & Oxygen Sensors - Transferred to NASA
- PART III
- 1. Set of CAGE - TCO advised SO ltr dtd 10 Oct 1969 - Action being initiated by AFWTR for removal and relocation at WTR.
  - 2. Lab. Module Simulator (LMSE) at MDAC-WD - TCO advised SO ltr dtd 8 Oct 1969 - NASA MSC preparing for in-place transfer action
  - 3. Set of Cite - TCO advised to transfer to AFOSR (SO ltr 7 Oct 69)
  - 4. Mission Simulator including ADPE 360/44-SDS 930 and Bechman 2200 - TCO advised SO ltr dtd 7 Oct 1969 - Equipment in hold status
  - 5. Remaining ADPE - All affected TCO's advised by ltr 7 & 10 Oct 69 - submittal DD Form 543 an Std Form 120 - in process of preparation
- PART IV
- 1. Transfer Document Annotation - TCO at MDAC-WD advised SO ltr dtd 8 Oct 1969 relative to ADPE in Simulator
- PART V
- 1. Fuel Cell - Attitude Control Engines - TCO advised, disposition still in process
  - 2. Apollo Applications Program (AAP) - TCO advised where appropriate
  - 3. Mass Measuring Device - No action taken by SO (Study Only)

NOTE: TCOs at appropriate contractor facilities have been advised to scrap/salvage major structural flight type hardware and prototypes (aft and forward shells). In addition, the TCO at MDAC-WD has been advised to scrap the Laboratory Module Full Scale Mock-Up.

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exceeded the original forecast. (See Figure 2)

2. Termination Settlement Plan

(a) On 19 August, a letter was sent to the cognizant TCOs (with a format) requesting the TCOs termination settlement plan. This plan set forth major milestones, e.g., Plant Clearance period, final settlement of subcontractor claims, evaluation and audit of final claim, negotiation of final settlement, and execution of final settlement agreement, for accomplishing the settlement in an expeditious manner. (See Figure 3)

(b) A review of these plans reveals that in most cases the dates for accomplishing the various steps are reasonable. However, during field trips by SO personnel, this area has been discussed with the TCOs in view of compressing the dates wherever possible. It is recognized that at this point these dates are strictly forecast. This will remain as one of the continuing areas of review by the SO.

G. Related Termination Activity

The following documents were issued to all cognizant plant TCOs to be utilized in connection with the settlement of the termination:

AFPI Form 49 - Termination Authority

DD Form 1598 - Contract Termination Status Report

Letter confirming termination TWK

Listing of Unadjusted Contract Changes

DD Form 254 - Contract Security Classification Specifications

MOL SO Technical Evaluation of contract.

The appropriate regulations concerning termination require these actions to be accomplished by the Procurement Office.

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PERSONNEL CHARGED TO MOL BY CONTRACTOR  
(EQUIVALENT MANPOWER)

<u>Contractor</u>	<u>10 June</u>	<u>1 Aug</u>	<u>1 Sept</u>	<u>1 Oct</u>
McDonnell Douglas-ED	1733	171*	118*	86*
McDonnell Douglas-WD	4490	732*	398*	283*
General Electric	2628	707	402	304
Eastman Kodak	1684	918*	**	**
Martin Marietta	1436	129	111	125***
Aerojet General	275	7	7	5
A C Electronics	70	8	1	1
United Technology	538	25	5	9.6***
Whirlpool		(Contract Transferred to NASA, 1 Aug)		
TRW	65	7	4	3
Hamilton Standard		32	10	8

\* Includes Subcontractor  
\*\* Contract Transferred to Special Projects  
\*\*\* Increase due to Inventory Disposal

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Figure 2 Page 1

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OCTOBER 1969 FORECAST COMPLETION DATES

Termination Settlement Actions

	<u>UTC</u>	<u>AGC</u>	<u>ACE</u>	<u>MDAC- ED</u>	<u>MDAC- WD</u>	<u>MMC</u>	<u>GE</u>	<u>H-S</u>	<u>TRW</u>
Completion of Plant Clearance (Prime, Subs & Vendors)	Dec 70	Jun 70	Feb 70	Dec 70	Jun 70	Feb 70	Nov 70	Feb 70	N/A
Final Settlement Subs/Vendors Claims	Dec 70	Jan 70	May 70	May 71	Jun 70	Jan 70	Jun 70	Mar 70	N/A
Submittal of Final Termination Claim	Jun 70	Mar 70	Jun 70	Jun 71	Jun 70	Jan 70	Feb 71	Feb 70	Sep 69
Completion of Final Settlement Negotiations	Nov 70	Aug 70	Jan 71	Sep 71	Nov 70	May 70	Apr 71	Apr 70	Dec 69
Execution and Distri- bution of Final S/A	Feb 71	Oct 70	Apr 71	Nov 71	Feb 71	Jul 70	Jun 71	Jul 70	Jan 70

#### H. Special Instructions and Guidance to TCOs

1. Letters to CMD, DCASR, and NAVPRO. On 24 June, letters were sent to CMD, DCASR, and NAVPRO stating that, in the interest of uniformity, certain aspects of MOL Program closeout must be responsive to MOL SO policy, e.g., application of funds to contracts to the level necessary to fund the Government's obligation to the date of termination. Establishment of MOL SO vs TCO responsibilities in effecting the termination settlement in an orderly manner was also addressed. Said letters also requested that the TCOs indicate the total support required from the MOL SO in terms of resources, skills, etc.

2. Letters from DCASR and CMD. On 3 July and 10 July, respectively, DCASR and CMD replied to the above referenced letters, concurring in the necessity to maintain uniformity and management visibility during the termination settlement phase. The CMD reply set forth a summary of basic responsibilities as they pertain to the TCO and MOL SO. Both DCASR and CMD stated that the MOL SO support would be minimal and would consist primarily of the funding requirements and review of the Contractor's claim prior to initiating final negotiations.

3. TWX to All TCOs. On 22 July, a TWX was sent to all cognizant plant TCOs setting forth the concern on the part of the Under Secretary of the Air Force that the termination actions were not being accomplished with the rapidity necessary to minimize the cost to the Government. In addition, the TCOs acquire from the Contractors a plan that relates personnel skills and numbers to the termination functions with a personal assessment from the TCO on the Contractor's plan.

4. TCO Briefing by the MOL SO. On 30 July 1969, the cognizant plant

TCOs were invited to attend a meeting at the MOL SO to be briefed on MOL SO phasedown planning, financial situation, and to discuss adequacy of the MOL SO technical evaluations. This meeting was held on 12 and 13 August.

5. Designation of MOL Personnel. On 29 September 1969, a letter was furnished all TCOs forwarding a listing of designated former MOL personnel whom they may contact to answer questions or participate in support of the termination activity.

AGENCIES AND TCO'S RESPONSIBLE FOR TERMINATION

A. Contract Management Division

1. Contract [REDACTED]  
AFFPRO MDAC-WP, Huntington Beach, Calif  
Mr. G. Gavora, Jr. (TCO)
2. Contract [REDACTED]  
AFFPRO AC Electronics Division, Milwaukee, Wisc  
Mr. John R. Belgum (TCO)
3. Contract AFO4(695)-997  
AFFPRO MMC, Denver, Colo  
Mr. Luke V. McCabe (TCO)
4. Contract AFO4(695)-941  
AFFPRO Aerojet, General Corp, Sacramento, Calif  
Mr. George R. Carney, Jr. (TCO)
5. Contract AFO4(695)-1022  
AFFPRO UTC, Sunnyvale, Calif  
Mr. Charles Kjelland (TCO)
6. Contract [REDACTED]  
AFFPRO GE, Missile & Space Div, Philadelphia  
Mr. Phil Isaacson (TCO)

B. Naval Plant Representative

1. Contract [REDACTED]  
NAVPLANTREPO MDAC ED, St Louis, Mo  
Mr. Robert S. Unks (TCO)

C. Defense Contract Administrative Services

1. Contract [REDACTED]  
DCASR, Los Angeles, Calif  
Mr. Frederick E. Wood (TCO)
2. Contract [REDACTED]  
DCASD, Hartford, Conn  
Mr. D. Ruddy (TCO)

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PART III

DORIAN SECURITY STATUS

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PART III - DORIAN SECURITY STATUS

A. The situation relating to the status of Dorian documentation and Dorian cleared personnel on 10 June 1969 and 1 November 1969 is outlined below:

	<u>10 June 1969</u> <u>Personnel/Documents</u>	<u>1 November 1969</u> <u>Personnel/Documents</u>
Aerospace	534/12,847	53/845
TRW	526/4,500	85/970
Eastman Kodak	2,890/165,000	1,970/68,705
General Electric	3,713/165,000	764/26,000
ITEK	964/20,000	170/2,800
MDAC-WD	3,162/70,000	84/1,710
MDAC-ED	286/362	37/87
Other*	<u>1,112/1,908</u>	<u>509/309</u>
Totals	13,187/439,617	3,672/101,426

\* Includes: Hycon, Perkins Elmer, Bell Telephone Laboratories, Pittsburgh Desmoins, Norman Engineering, Minneapolis Honeywell, LTV, CBS Laboratories, Radiation Inc., Contract Management Division, etc.

Analysis

Discussions with the Contractors and visits to Contractor facilities have shown that the current level of on-hand documentation is required by the principles for their termination activities. Eastman Kodak, General Electric, ITEK and Perkins Elmer must maintain briefed personnel and Dorian documents for use in other current exercises.

B. Internal MOL SO Document Disposition

Key management and historical documents have been retained so a complete picture of the life of the MOL Program can be reconstructed at some future date.

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Arrangements are being made with SAFSP for the permanent storage of the referenced documentation subsequent to 30 June 1970.

\*Secret and Confidential technical material has been forwarded to the Defense Document Center (DDC). The DDC had previously amassed several hundred pre 1965 MOL documents and since termination the MOL SO has sent them an additional 300 documents.

\*White contract supporting data has been forwarded for storage at the Federal Records Center, GSA, Bell, California.

C. Security Assistance Rendered

To facilitate surfacing of MOL equipment and/or technology, assistance has been given to:

1. The AF Avionics Laboratory and General Electric relating to:
  - \*The Beta System and Tester
  - \*The Visual Optics
  - \*On-Board Processor
  - \*The Visual Display Projector (only its application was Dorian)
2. The AF Weapons Laboratory and General Electric relating to:
  - \*Technology on bearings and torquers
3. The MOL SO is prepared to assist NASA when it initiates action to study the Acquisition and Tracking Scope (ATS) and the mission simulator.

D. Continuing Actions.

1. A continued phase-out of Dorian cleared documents and personnel in contractor facilities. Continued MOL SO assistance will be made available as required.
2. Refinement of arrangements with SAFSP for the permanent storage of Dorian material both on hand and to be received.



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3. Assistance to NASA, Eastman Kodak, Perkins Elmer, etc. on  
pending studies requiring Dorian documentation.

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PART IV

STATUS OF MOL

REAL PROPERTY (SLC-6)

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PART IV - STATUS OF MOL REAL PROPERTY (SLC-6)

A. Status of MOL Support Facilities - Vandenberg AFB (as of 15 October 1969)

1. The MOL support facilities are of two general categories - existing structures to be used or modified for use and new construction. These facilities were located either within the Vandenberg AFB cantonment area or in the South Vandenberg AFB industrial area.

2. Those facilities located within the Vandenberg AFB cantonment area were of three types:

- a. World War II type wooden buildings.
- b. Industrial type buildings.
- c. New construction.

3. The status of these buildings is as follows:

a. World War II type wooden buildings:

(1) Building 6228, Building 6229 and Building 6230 are wooden, two-story barracks type buildings previously converted to office space. No modifications were required. These buildings have been vacated and made available to the Facility Utilization Panel (FUP) for disposition.

(2) Buildings 5311 and 5311A: These are wooden buildings that had previously been used as the Titan II inertial guidance laboratory. They were to have been refurbished and modified to support the Titan III-M inertial guidance system. Minimum modifications have been completed, i.e., walls and floors restored to make the facility useable. The facility is available to the FUP for disposition.

(3) Building 7303: This wooden building is being used by the General Electric Company as a carpenter shop and lumber and metal storage

area. General Electric will continue to use this building to support their other programs.

(4) Building 6420: This facility was to have been used for testing, checkout, storage, and control of all MOL pressure suits and related equipment. No modification was required. The building has been vacated and is being modified by the AFWTR for an Optics Lab.

b. Industrial type buildings within the Vandenberg AFB cantonment area:

(1) Building 8310, Mission Module Support Facility: This facility is an existing two-story corrugated steel building that would require only minor modification. No modifications have been completed. The building has been vacated and turned over and made available to the FUP for disposition. The 6595th ASTWg has recommended that Lockheed be assigned the use of this building.

(2) Building 7437, Gemini-B Support Facility: This facility is a single story corrugated steel building containing a hi-bay warehouse and environmental controlled warehouse, electrical shops and lab and a clean room. This building was being modified by adding an additional 22,000 square feet of environmental storage space. The air-conditioning system has been deleted from the building addition. The anticipated Beneficial Occupancy Date (BOD) is 1 November 1969. At that time the facility will be made available to the FUP for disposition. The Wing has recommended that this building be assigned to Lockheed for use.

3. Building 7525, Laboratory Vehicle Support Facility (BAB-6): This is a two-story, hi-bay with mezzanine building containing a total of 105,000

sq. ft. of floor space. This building is occupied by the McDonnell-Douglas Corporation, has been used to support the Thor boosted systems. No modifications were performed. This facility will be retained by the McDonnell-Douglas Corporation for support of the Thor boosted and other programs.

4. Building 8401, Missile Assembly Building (MAB-5): This facility is used to support all Titan programs at Vandenberg AFB. Modifications have been completed to provide the capability for receipt, inspection and storage of the Titan III rocket stages, for their components, assembly, storage and for the components of the 120-inch solid rocket motors and receipt of the aerospace ground equipment and real property installed equipment. This facility is much the same as Building 7525. It is now occupied by the Martin-Marietta Corporation. They will continue to occupy this building to support the Titan III boosted programs.

5. Building 7420, Shipping and Receiving, Martin-Marietta Corporation: This facility is a single story corrugated steel warehouse containing approximately 32,000 sq. ft. of space. No modifications were required. Martin will continue to use this building.

6. Building 9325: This facility is used by the Martin-Marietta Corporation as a Contractor maintenance area in support of the Martin-Marietta Corporation programs at Vandenberg. This is a single-story, corrugated steel building containing 19,000 sq. ft. of floor space. No modifications were required. Martin will continue to use this building.

c. New construction within the Vandenberg AFB cantonment area:

(1) Building 6710, Gemini-B Propulsion Support Building: This facility will be a one-story, corrugated steel building containing 6,700 sq. ft. of floor space. Construction will be continued to provide a

minimum useable facility. The requirements for the parking area, fencing, guardhouse and decontamination pads have been deleted as well as all interior partitions except those for toilet areas and mechanical equipment rooms. Estimated BOD is 7 December 1969. The facility will be made available to the FUP for disposition.

(2) Building 8500, Engineering and Operations Building

(EOB): This facility is a single-story concrete building containing 81,500 sq. ft. of floor space. 56,580 sq. ft. is administrative space; 1,920 sq. ft. is an automatic data processing room and the remaining floor space is a miscellaneous support area. This building is basically complete in its entirety. It has been recommended that this building be used as the new 6595th Aerospace Test Wing Headquarters.

(3) Building 8505, Operational Readiness Unit (ORU):

This building is a one-story, reinforced concrete building. The building contains 8,700 sq. ft. of floor space. It is fully air-conditioned. This building will be completed in its entirety. Estimated BOD is 7 December 1969. It has been recommended that this building be a 6595th ASTWg resource.

(4) Building 8510, Operational Training and Evaluation

Facility (OTEF): This building is a single-story, concrete block building with approximately 53,000 sq. ft. of floor space. This building will be completed with the exception of the installation of some temporary partitions. These partition sections will be delivered for future installation. Estimated BOD is 7 December 1969. It has been recommended that this building be a 6595th ASTWg resource.

4. The following facilities are located in the South Vandenberg AFB industrial area:

a. Industrial type buildings: Building 980, Gemini-B Test Cell:

This facility is a one-story, hi-bay, insulated steel building, It contains approximately 5,500 sq. ft. of floor space. Modifications were not completed. The building has been returned to a useable facility and is available to the FUP for disposition.

b. New construction: All construction on new facilities on South Vandenberg was discontinued and the sites restored to their original condition. This included proposed Building 960, Pyrotechnic Test Cell, and Buildings 633 and 634, Pyrotechnic Storage Areas.

B. Status of MOL Space Launch Complex (SLC-6) Vandenberg AFB (as of 15 October 1969)

1. The construction effort at SLC-6 was accomplished in three phases, i.e., Site Preparation phase, Complex Peripheral Facilities phase, and the Launch Complex Facilities phase. The site preparation phase was started 11 March 1966 and completed 26 August 1966. This phase included site excavation, intersite water main and some access road work. The complex peripheral facilities phase was started 7 July 1967 and completed 27 March 1969. This phase included the power plant, railroad service area, ready building, Segment Ready Storage (SRS) building, Receipt Inspection and Storage (RIS) building and modifications to Missile Assembly Building (MAB)-5. The launch complex facilities phase was started on 27 January 1967 and is still underway. This phase includes access roads, power lines, Launch Control Center (LCC), water storage tank, Aerospace Ground Equipment (AGE) building, parking areas, umbilical tower, mobile service tower, plus various other minor items.

2. The acceptance status of all SLC-6 facilities is indicated in Table 1.

3. The status of the SLC-6 facilities still under construction is as follows:



(a) Construction of the umbilical tower and mobile service tower is still in progress. The projected BOD of these facilities, including completion of all validation test procedures, is 8 December 1969. The U. S. Army Corps of Engineers Contractors are projecting that they will be completely off the site by mid-February 1970 and that all punch list discrepancies will also be resolved by this date. The painting effort is expected to continue through the first quarter of CY 1970.

(b) At present, the lower MOL Environmental Shelter (MES) door cannot be completely closed because of physical interferences. This interference is caused by misalignment of the lower MES door with the fixed portion of the MES. The estimated cost to fix this problem is \$53,000. Since this represents a large percentage of funds available to complete SLC-6, the local Systems Command Civil Engineering office has decided not to proceed at this time. If funds are available upon completion of the project, action will be taken through the construction agency to correct the door alignment.

4. Known Use of Accepted SLC-6 Facilities:

a. The SLC-6 Power Plant is being maintained in full operational status to supplement commercial power needed for South Vandenberg.

b. The SLC-6 Fire Station is being maintained in full operation to support South Vandenberg.

c. The Receipt Inspection Storage (RIS) and the Segment Ready Storage (SRS) buildings and the Railroad Service Building/Area will be dispositioned by the FUP. They will be used by the United Technology Center (UTC) for support of the operations at SLC-4 East (Titan III-D).

5. Present and Future Maintenance Status for SLC-6:

a. As of 14 July 1969 all SLC-6 maintenance (of Air Force

accepted facilities) is being accomplished by the 4392d SAC Civil Engineering Squadron.

b. Upon final acceptance of SLC-6, the facilities will be placed in a caretaker status which essentially calls for the 4392d Civil Engineering Squadron to minimum maintain/operate SLC-6. The 1st STRAD is presently awaiting approval from SAC Hq to allow the 4392d CES to implement the SLC-6 Downmode Maintenance Plan.

TABLE I

ACCEPTANCE STATUS - SLC-6 FACILITIES

1. Site Preparation Phase

Accepted 26 Aug 66

2. Complex Peripheral Facilities Phase

<u>Area</u>	<u>Date of Acceptance Walk-Thru</u>	<u>Remarks</u>
MAB-5	3 Apr 68	Accepted with punch list
Ready Bldg	17 Jun 68	Accepted with punch list
R. R. Service Area	17 Jun 68	Accepted with punch list 17 Sep 68
SRS (Segment Ready Storage) Bldg and R. R. (Railroad) Lines "E", "F", "G" & "H"	25 Jul 68	Accepted with punch list
RIS (Receipt Inspection Storage) Building	11 Sep 68	Accepted with punch list
Power Plant	27 Mar 69	Accepted with punch list
3. <u>Launch Complex Facilities Phase:</u>		
Roads "N" and "O"	8 May 68	Accepted with punch list
69KV and 12.47KV Power Lines	17 Jun 68	Accepted with punch list
Sewage Treatment Plant	10 Jul 68	Accepted with punch list
Liquid Petroleum Gas Tank	10 Jul 68	Accepted with punch list
Theodolite Bldg	10 Jul 68	Accepted with punch list
Series 7 Communications Man- holes and Underground Duct	17 Jul 68	Accepted with punch list
Oxidizer Holding Area	25 Jul 68	Accepted with punch list
Fuel Holding Area	25 Jul 68	Accepted with punch list

R. R. Line "B" to Station	24 Jul 68	Accepted with punch list
Gas Storage Area	24 Jul 68	Accepted with punch list
Launch Control Center ) Parking Lot Area ) Fan Pads & LCC-AGE Bldg ) Electrical Tunnel )	12 and 13 Aug 68	
Master Substation	21 Aug 68	Accepted with punch list
Flammable Material Storage Bldg	11 Sep 68	Accepted with punch list
Access Roads "B", "E", ) "M" and "G" )	16 Sep 68 and 23 Jul 69	Accepted with punch list
Essential Power Supply	18 Nov 68	
Water Storage Tank, 42" Water Line, PRV Stations, & Under- ground Water Utilities	25 Nov 68	
Complex Service Building (Rooms 110, 111, 112 and 113 not included)	17 Dec 68	
Slide Wire Anchor	17 Dec 68	Accepted with punch list
A/C (Air Conditioning) Shelter and 42" Air Duct	7 Jan 69	Accepted with punch list
T. V. and Film Camera Pads	7 Jan 69	Accepted with punch list
AGE Bldg (Lower Lever and Comm. Manholes 1-C, 2-C, 3-C, 4-C, and 9-C)	7 Feb 69	Accepted with punch list
Liquid Hydrogen area, Fan Houses East and West, Exhaust Fan	12 Jun 69	Accepted with punch list
Paved Parking Areas, Graded Areas, Security Fence, Erosion Control	23 Jul 69	Accepted with punch list
Final Grading, Sewerage Treatment Plant Fence	23 Sep 69	Accepted with punch list
Liquid Oxygen Area	Projected BOD date, 2 Feb 70	

Complex Service Bldg (Rms 110, 111, 112, 113)	Projected BOD date, 2 Feb 70
Upper Floor, AGE Bldg	"
Umbilical Tower	Projected BOD date, 8 Dec 69
Mobile Service Tower	"

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PART V

MOL SYSTEMS OFFICE PERSONNEL

AND RESPONSIBILITIES

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## A. INTRODUCTION

Since the formal announcement of termination by the Secretary of Defense on 10 June 1969, the MOL Systems Office has applied its efforts toward terminating all Government contracts and agreements in the most orderly and cost-effective manner.

Immediately after 10 June, the MOL SO formulated an internal plan for reduction of personnel in the Systems Office. Prior to the authorized release of any technical personnel, contract performance evaluations were completed to aid responsible TCO's in their final settlement negotiations. As individual personnel completed their required duties, releases were authorized and personnel reassigned in conjunction with AFSC personnel planners.

The MOL SO has maintained a detailed roster of the locations of reassigned personnel so they can be easily reached if further technical negotiation support is required.

The current MOL SO represents the termination team and is comprised of specialists in procurement, program control and administrative disciplines:

The current personnel phasedown plan calls for a continued reduction as the required level of effort diminishes.

### MOL SYSTEMS OFFICE PERSONNEL SUMMARY

#### 1. Actuals

##### a. 10 June 1969

Officers	163
Airmen	11
Highgrade Civilians	33
Secretarial	<u>57</u>
Total	264



b. 31 August 1969

Officers	25
Airmen	6
Highgrade Civilians	12
Secretarial	<u>17</u>
Total	60

c. 15 October 1969

Officers	6
Airmen	3
Highgrade Civilians	10
Secretarial	<u>10</u>
Total	29

2. Forecast

a. 1 January

Officers	0
Airmen	1
Highgrade Civilians	6
Secretarial	<u>3</u>
Total	10

b. 1 April

Officers	0
Airmen	1
Highgrade Civilians	5
Secretarial	<u>2</u>
Total	8

Effective 1 December 1969, Mr. T. Rutter, Deputy Director, Procurement and Production will assume full responsibility for the activities of the MOL Systems Office and will be reporting directly to General Higgins. He will continue to draw funding support from Colonel Ford of the MOL Program Office.

At the date of termination, it was recognized that the Aerospace Corporation could be of no further assistance to the MOL SO and all support was terminated effective 30 June 1969. All Aerospace financial charges accrued since that date have been in conjunction with Aerospace personnel

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B. Responsibilities and MOL SO Assistance.

Since 10 June 1969 responsibilities within the MOL SO either have been transferred, combined, or reduced as the situation required.

Terminating Contracting Officers were assigned in coordination with the Air Force Contract Management Division (see figure 4 Page     ) and the MOL SO Procurement and Contracts Division has been actively supporting their efforts.

Contract funding responsibilities have been retained in the MOL SO with funds made available through the MOL FO.

Guidance on the disposition of MOL residual property and required coordination among and between government agencies continues to be performed by MOL Procurement and Contracts personnel.

Reduction of inhouse documentation and the storage of historical program records as well as coordination with the Defense Documentation Center (DDC) has been a continuous activity. Every effort is being made to surface a maximum amount of Dorian documentation without jeopardizing the security posture of the program.

Responsibility for Contractor and External Government Agency program security matters (personnel and documentation is currently maintained by the MOL SO but will be transferred to Special Projects (SP) effective 1 Jan 1970.

All supporting activities which were administered within the MOL SO prior to termination have now been returned to responsible SAMS0 organizations and future support is to be provided by those organizations.

All excess floor space, equipment, and facilities of the MOL Program Information Center (MOL PIC) have been returned to SAMS0 for local uses.

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C. POSSIBLE PROBLEMS

All activities related toward final termination of the MOL Program are in various stages of completion as documented in other areas of this report. The MOL SO has analyzed its capability for completion of those tasks which are internally controlled and has concluded that no problem areas exist.

Several areas, however, require assistance from organizations external to the MOL SO and are addressed in PART VII, "Assistance Required and Recommendations for the Future."

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PART VI

OFFICIAL FINANCIAL HISTORY

SECTION A

FINANCIAL HIGHLIGHTS  
MANNED ORBITING LABORATORY PROGRAM

10 JUNE 1969

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I. (U) Introduction

On 10 June 1969, the Secretary of Defense announced the termination of the Manned Orbiting Laboratory Program. Since August 1965, when the program entered Phase I (Contract Definition), a total of 46 months had elapsed. During this time period, the program had undergone over eight major rescheduling exercises and spent over \$1,300 million.

II. Early History

(U) On 11 December 1963, a memo from the Director of Defense Research and Engineering to the Assistant Secretary of the Air Force (R&D), subject: "Manned Orbital Program", announced that a Manned Orbital Program had been approved by the Secretary of Defense and assigned to the Air Force. Conceptual studies were conducted from June to December 1964 and additional program objectives were identified.

~~(S)~~ In January 1965, the Department of Defense's direction to couple the Manned Orbiting Laboratory Program with an advanced photo reconnaissance payload established the basic characteristics of the program.

(U) In August 1965, President Johnson announced approval for the program to enter Phase I, Contract Definition, in October 1965. The following contractors were selected to provide the major system segments:

(U) a. Douglas Aircraft Corporation - (later, McDonnell Douglas. Astronautics Company - Western Division, MDAC-WD) - Laboratory Vehicle and System Integrator.

(U) b. General Electric Company - Mission Module and Payload Integration.

~~(S)~~ c. Eastman Kodak Company - Photographic Payload.

(U) d. McDonnell Aircraft Company - (later McDonnell Douglas Astronautics Company - Eastern Division, MDAC-ED) - Gemini B.

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(U) e. Martin-Marietta Corporation, AC Electronics Division, Aerojet General Corporation and United Technology Center - four associate contractors for the Titan IIIM Launch Vehicle.

(U) The program consisted of seven flights (Encl 1) with the first launch in March 1968 and the First Manned Launch in October 1968.

~~(D)~~ The seven launch vehicles were to be two modified Titan IIICs for the first two development flights and the subsequent five manned flights were to use new Titan IIIMs. The total program cost was estimated at \$1,500M however, this estimate did not include the DORIAN aspects of the program.

### III. Management

~~(D)~~ During Phase I (Contract Definition) and through July 1967 of Phase II (Engineering Development), the MOL management structure involved three channels of direction to participating activities. The Director for MOL was responsible for the management of the Orbiting Vehicle aspects of the program development. The Covert "Black" photographic payload was the responsibility of the Director for Special Projects and the booster development was the responsibility of the Titan IIIM System Program Office, Space Systems Division. On 1 July 1967, the Director for MOL was assigned the total MOL System Management function and became responsible to the Secretary of the Air Force and the Director, National Reconnaissance Office (DNRO), for the management, development, acquisition and testing of the total MOL System in the approved baseline program, including the DORIAN payload.

### IV. Nine Flight Baseline

~~(D)~~ In February 1966, the first schedule slip occurred due to payload nonavailability. The photographic payload could not be delivered in time for the first manned launch, Flight #3, scheduled for October 1968. In addition,

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~~(D)~~ the launch schedule was expanded to a total of nine flights by the addition of two unmanned flights (Encl 1). The addition of the automatic mode created major changes to the program baseline. All launches were to use the Titan IIIM. The cost estimate for the nine flight program in May 1966 was \$2,100M.

V. Seven Flight Baseline (Option 6)

~~(C)~~ The cost estimate for the nine flight program was greater than the funds programmed for MOL by HQ USAF. In March-April 1966, the Systems Office (SO) initiated an in-house cost reduction exercise to develop a program that programmed funding could support. This exercise resulted in reducing the nine flight SO estimate of \$2,058.7M by \$112.1M through reduction in program content. An additional \$195.2M reduction accompanied the selection of a seven flight launch schedule known as Option 6 (Encl 1). The cost estimate for the seven flight program was \$1,751.4M. Schedule and program contents were approved by the MOL Policy Council on 20 May 1966, and by Dr. Foster at a DDR&E briefing on 21 May 1966. First launch was scheduled for April 1969 with the first manned launch in December 1969.

VI. Entry into Phase II, Engineering Development

(U) From August 1965, when the program entered Phase I, to 1 September 1966, the start of Phase II, the MOL Program had been operating under the following general ground rules:

- (U) a. First manned flight before CY 1970 (December 1969).
- (U) b. "Bare bones" technical content.
- (U) c. No contingency for changes in stated requirements.
- (U) d. Program sensitive to total program cost.

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~~(C)~~ The proposals for the MOL Phase II (Engineering Development) from MDAC-WD, MDAC-ED and GE were based on a 1 September 1966 Authority to Proceed (ATP). Due to changes in the technical and program content requirements, negotiations were not concluded until the week of 10 December 1966. A contributing factor in "stretching out" the period of negotiation was the favorable position of the contractors due to the sole-source nature of the procurements. In order to protect the master program schedule and not require new proposals for a later ATP, several alternative courses of action were examined. The decision was made with the concurrence of Assistant Secretary of the Air Force Flax and the Program Director, General Schriever, to extend Phase IC effort beyond 31 August 1966 to protect the lead time and permit the contractors to be paid as the contract was definitized.

~~(D)~~ Firm Fixed Price Supplemental Agreements (S/As) for the Phase I referenced contracts were negotiated and distributed. The intent of these S/As was to limit the contractors to supporting only those tasks essential to the master schedule. The negotiated S/A dollar amounts were within the obligation limits of the Government's Phase II negotiated position. In December 1966, the Program Office documentation carried a total of \$1,979.2M for the negotiated baseline and included an estimate of \$295M for the deferred field test effort, facilities, etc. The total cost of the program including the DORIAN Payload was estimated to be \$2,274.2M in December 1966. Although this estimate included \$295M of deferred and facilities effort, there was no allowance for growth.

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VII. 9/12/15/12-C Baseline Extensions

(U) Fiscal Year (FY) 68 funding requirements were estimated to be \$587M and \$647M/FY 69. The negotiated baseline schedule was being paced by fiscal year funding availability, technical progress, and lead time. On 15 February 1966, at the MOL Monthly Management Meeting, direction was given to control FY 67 expenditures to stay within the approved budget of \$286M, and to plan on \$550M/FY 68 and \$600M/FY 69. A series of schedule adjustments were exercised. A nine-month option slip produced funding estimates of \$284/667/641M for FY 67/68/69 and a 12-month optional slip produced estimates of \$273/586/637M; neither estimate was within the funding constraints of \$550M/FY 68 and \$600M/FY 69.

(U) The nine and twelve-month schedule options were briefed in Washington to the MOL Policy Council (General Ferguson and Secretary Flax) on 10 March 1967. Neither option was acceptable and direction was given to proceed to and develop a schedule with a 15-month slip utilizing FY 67/68/69 funding constraints of \$286/480/620M. Funding requirements were to be calculated on an expenditure rather than a commitment basis. On 14 April 1967, the 15-Month option (Encl 1) was briefed at the MOL Monthly Management Meeting. Funding estimates were \$286/519/627M for the FY 67/68/69 period for a total Program cost of \$2,447M. However, the FY 68 estimate of \$519M exceeded the available \$480M.

~~(D)~~ On 12 May 1967, direction was given to reprogram to a 12-month "Compact" (12-C) schedule (Encl 1). Direction was given to preserve the content of the baseline schedule, to do only the minimum tasks necessary, and to delay activities as much as possible in FY 68. The photographic payload contractor (EKC) was to be fully funded. The FY 67/68/69 funding requirements were \$292/480/680M for a total Program cost of \$2,350M. It was recognized that

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(U) the funds available were not adequate to support the effort in FY 68 and that an additional \$60-80M would be required to maintain the schedule (12-C). Direction was received at the beginning of FY 68 to contract for \$480M of effort. By the end of September 1967 all elements of the program had been placed under the SO.

#### VIII. Thirteen-Week Adjustment

~~(C)~~ In October 1967, the FY 68 funding problem was intensified with a reduction in the FY 68 funding from \$480M to \$430M. Some hope existed that an additional \$50M could be reallocated to the program from other resources. The planning figure for FY 69 remained at \$640M. Emphasis on the unmanned flights, Flights #6 and #7, continued. Performance was to be optimized and schedule adjustment provided the only possibility for relief. Funding began at this time on an expenditure basis with a contractor forecast for FY 68 of \$601M vs the \$430M available. A series of management evaluation reviews were initiated. Contractors were directed to reduce funding levels and visits were made to each plant to review the total financial situation. A schedule adjustment meeting was convened at Huntington Beach on 19 and 20 October 1967. The time periods from 1 November 1967 to 1 July 1968 were stretched from one week in November 1967 to 13 weeks in June 1968. From 1 July 1968 to the end of the program, a 13-week block slide was imposed. A subsequent presentation in Washington indicated that the contractors could not meet this schedule within the fiscal year funding constraints.

#### IX. Twenty-Month Extension

(U) A meeting was held at the SO on 6-7 November 1967 to reevaluate the program content. Contractors presented their segment schedules

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~~(D)~~ compatible with the anticipated fiscal year funding allocations for FY 68/69/70/71 of \$430/640/590/590M. In general, each segment estimated approximately a 12-month slip. Realizing the full impact of the \$430M/FY 68 funding, immediate action was taken to put Titan IIIM and MDAC-ED on a level of effort and terminate all contractor support at Vandenberg AFB. Following the presentation of several iterations of schedule options at a meeting on 28 November 1967, it was obvious that the FY 68 and FY 69 funding requirements were still too high. The contractors retired to Huntington Beach to replan the master schedule among themselves within the funding constraints and SO program guidelines. The resulting program was briefed to the MOL Program Review Council (Secretary Flax) on 8 December 1967. A 20-month extended baseline schedule was proposed and tentatively approved (Atch 1), subject to final approval by the Secretary of Defense. Secretary Flax realized that a manageable dollar variance might be required between contractor commitment and government funding at the end of FY 68. Total program costs were estimated at \$2,840M. EKC was given full funding; all other contractors were adjusted to stay within the FY 68 limit of \$430M. Work continued on the 20-month extended baseline through the remainder of the fiscal year. Actual contractor commitment exceeded available funds by \$27M but remained within the expected manageable variance.

~~(G)~~ On 9 December 1967, Dr. Brown sent a memo to Secretary McNamara presenting two options: to fund the current program in FY 69 at no less than \$600M; or if the first option was not possible, to fund the current program at no less than \$520M in FY 69 and accept a 5 to 6 month additional "stretch out". The second alternative was selected.

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(U) The President's FY 69 budget contained \$600M for the MOL Program. During the January-March 1968 time period, it became apparent that the FY 69 funding level would be less than \$600M. Assuming a cut of \$80-100M, a series of program content reviews were conducted with the contractors at the SO in April and May. The conclusions reached by these reviews were:

(U) a. Flights #1 and #2 (Development Flights) were to remain in the program.

(U) b. A seven flight program was the minimum number of flights.

(U) c. No more significant major items or tasks (AGE, Simulators, etc.) could be eliminated.

X. FY 69 Baseline - 24-Month Extension

(U) On 1 July 1968, the actual funding level for FY 69 was established at \$515M, and the SO was directed to again exercise the problem with the contractors. The outcome of the exercise was an integrated schedule with a 24-month slip of Flight #3 from the negotiated baseline. The MOL Program Review Council approved the FY 69 baseline (Encl 1) on 25 July 1968. The estimated funding requirements, as published in the updated MOL System Package Plan (SPP) of September 1968, were \$515M/FY 69 and \$600M/FY 70. Total program costs were estimated at \$3,050M. No contingency was provided for unidentified changes, and provisions for incentives were excluded.

XI. FY 70 Baseline - 30-Month Extension

(U) On 6 December 1968, a Development Concept Paper (DCP) sent to the Assistant Secretary of Defense carried the MOL line at \$576M for FY70; a reduction of \$24M from the SPP requirements of \$600M.

(U) On 19 March 1969, Secretary Laird advised the Senate Armed Services Committee that the original FY 70 MOL budget for a seven launch program had been reduced to \$556M. The further reduction of \$20M in FY 70 was the result of a determination in Washington that a six launch program could

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~~(C)~~ accomplish the approved objectives. The unmanned flights (Flights #6 and #7) were removed and an additional manned flight (Flight #6) was added. It should be noted that the SO estimated FY 70 savings for removing two unmanned and adding one manned flight was \$4M (-18M +14M) when compared to the FY 69 baseline. The SO indicated that a slip of the FY 69 baseline would remove any dollar savings from FY 70.

(U) On 12 April 1969, the SO was advised that General Ferguson was assembling a high-level government team to review the MOL status and its prospects based on a \$525M funding level for FY 70. During the period of 6-9 May 1969, a schedule adjustment exercise was held with the contractors at Huntington Beach and a FY 70 baseline schedule was developed (Encl 1) using a funding level of \$525M. The FY 70 baseline was briefed to Dr. Seamans on 9 May 1969. The SO emphasized that this new baseline program could be accomplished without degrading manned safety or system performance provided that a funding level of \$525M would be available for FY 70 and that a firm commitment of \$625M to \$640M could be made for FY 71. Total program cost was estimated at \$3,471.M.

#### XII. Termination

(U) On 10 June 1969, the Secretary of Defense announced the termination of the MOL Program to the Congress.

#### XIII. Summary

(U) Since the original baseline was negotiated in December 1966, the MOL Program has reacted to funds availability. The exercising of the funding problem has been based upon optimization of performance and fiscal year costs, which in turn resulted in schedule slips and increased total program costs. Program funding levels were reduced each year from the

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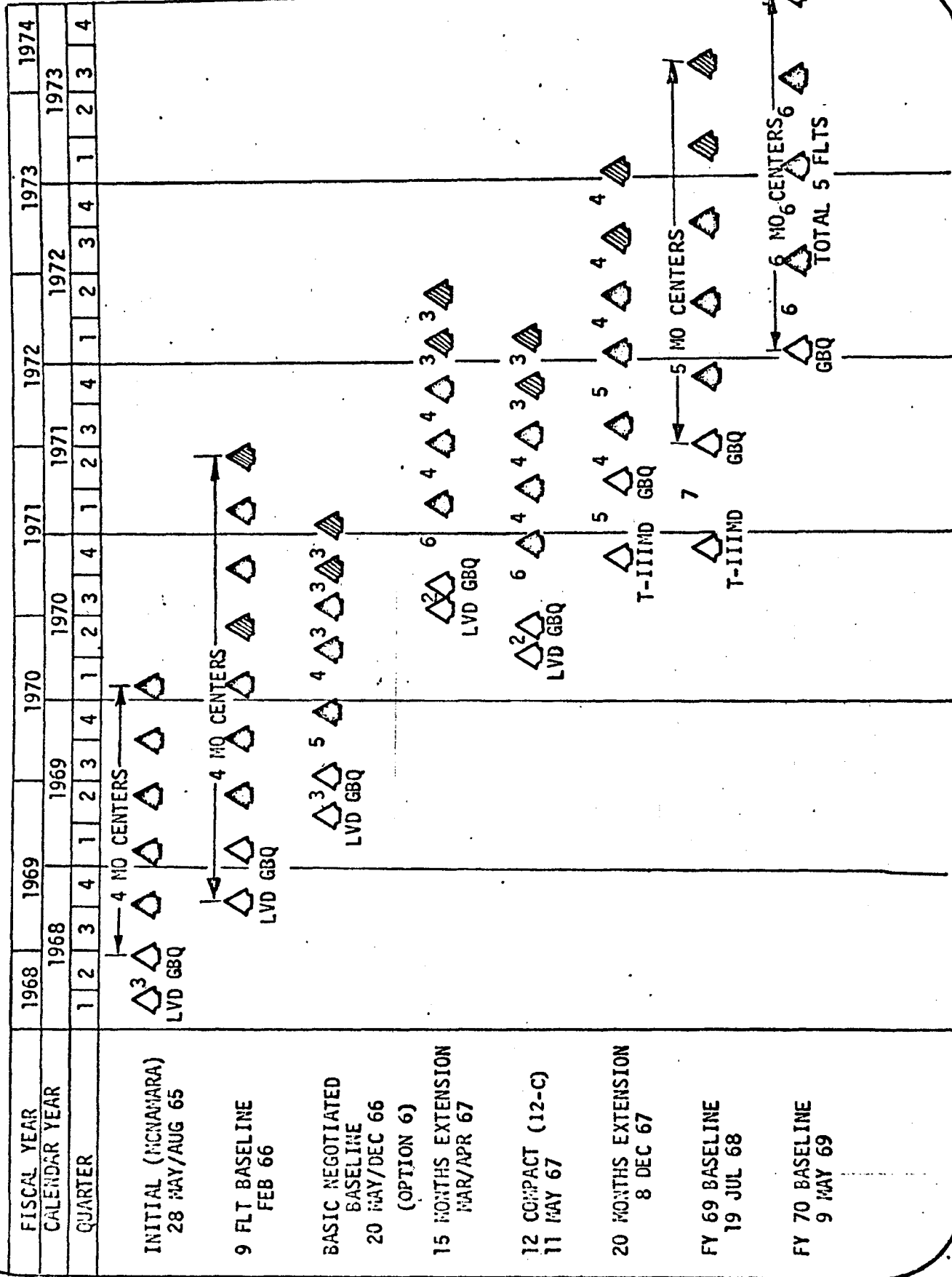
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(U) planned levels, and allocations to each of the system segments generally followed a corresponding across-the-board reduction. Schedule adjustments, due to non-availability of funds, were a continuing necessity from the inception to the termination of the program.

# MOL LAUNCH SCHEDULES





CHRONOLOGY OF MAJOR EVENTS AND DECISIONS

- |      |     |      |   |
|------|-----|------|---|
| 1965 | 1   | AUG  | ORIGINAL BASELINE - SEC MC NAMARA MEMO  |
|      | 2   | FEB  | REVISED BASELINE (9 FLIGHT SCHEDULE)  |
| 1966 | 3   | MAY  | SCHEDULE REVISION (OPTION 6 SCHEDULE)   |
|      | SEP |      | CONTRACTOR FIRM PROPOSALS   |
|      | DEC |      | ORIGINAL NEGOTIATED BASELINE  |
|      | FEB |      | SCHEDULE EXERCISES (9 & 12 MOS SLIP)  |
|      | 4   | MAR  | SCHEDULE REVISION TO 15 MOS SLIP<br>67/68/69 FUNDING LEVELS SET 286/480/620           |
| 1967 | 5   | MAY  | SCHEDULE REVISION TO 12-COMPACT BASELINE  |
|      | OCT |      | NEW FUNDING. . . ACTUAL 430/68, PLANNING 640/69                                       |
|      | NOV |      | PROGRAM CONTENT REEVALUATED   |
|      | 6   | DEC  | SCHEDULE REVISION TO 20 MOS SLIP<br>DR. BROWN MEMO TO SEC MC NAMARA                   |
|      | JUN |      | FY 69 FUNDING EXERCISE - ALTERNATES CONSIDERED  |
| 1968 | 7   | JUL  | SCHEDULE REVISION TO FY 1969 BASELINE<br>NEW FUNDING - ACTUAL 515/69, PLANNING 600/70 |
| 1969 | MAR |      | FY 70 FUNDING EXERCISE - ALTERNATES CONSIDERED  |
|      | APR |      | FY 70 COST REDUCTION EXERCISE - REEVALUATED PROGRAM CONTENT                           |
|      | 8   | MAY  | FY 70 BASELINE SCHEDULE ESTABLISHED   |
|      | 9   | JUNE | PROGRAM CANCELLED   |

MOL FY FUNDING CHRONOLOGY

<u>DATE</u>	<u>FY 68</u>	<u>FY 69</u>	<u>FY 70</u>	<u>REMARKS</u>
July 1966 (Negotiated B/L) (FY 67 = 286)	587	647	344	<ul style="list-style-type: none"> <li>Entered FY 67 with 587 requirements for FY 68</li> <li>Total of 1980</li> </ul>
May 1967 (12-C B/L)	480	640	540	<ul style="list-style-type: none"> <li>FY 68 reduced from 587 to 480</li> <li>Reprogrammed to 12 Mo "Compact" B/L</li> <li>Total of 2350</li> </ul>
Oct 1967 (13 Week Adjust)	430	640	590	<ul style="list-style-type: none"> <li>FY 68 reduced from 480 to 430</li> <li>Plan 640 for FY 69; 590 for FY 70/71</li> <li>Reprogrammed with 13 week slip</li> </ul>
Dec 1967 (FY 68 B/L)	430	640	600	<ul style="list-style-type: none"> <li>Reprogrammed to 20 Mo slip (12C + 8)</li> <li>Briefed to Dr. Flax on 8 Dec</li> <li>Total of 2840</li> </ul>
Jan - Jun 1968		600	600	<ul style="list-style-type: none"> <li>FY 69 MOL Line carried at 600</li> </ul>

NOL FY FUNDING CHRONOLOGY (Continued)

<u>DATE</u>	<u>FY 68</u>	<u>FY 69</u>	<u>FY 70</u>	<u>REMARKS</u>
Jul 1968 (FY 69 B/L)		515	600 (730)	<ul style="list-style-type: none"> <li>• FY 69 reduced from 640 to 515</li> <li>• Plan "Full" funding from FY 70 (Requirement of 730)</li> <li>• Reprogrammed for 24 Mo slip (20 + 4)</li> <li>• Total of 3150</li> </ul>
6 Dec 1968			576	<ul style="list-style-type: none"> <li>• Development Concept Paper (DCP) to Asst Secretary for Defense - FY 70 from 600 to 576</li> </ul>
19 Mar 1969			556	<ul style="list-style-type: none"> <li>• Secretary Laird's recommendation to the Senate Armed Services Committee for a six (6) flight program - estimating a \$20M reduction in FY 70</li> </ul>
12 Apr 1969			525	<ul style="list-style-type: none"> <li>• TWX advised SO of prospects of \$525M for FY 70</li> <li>• FY 70 Baseline Schedule developed in May 69</li> <li>• Total of 3475</li> <li>• Program Termination</li> </ul>
Jun 1969				
Summary	Plan 587 Actual 430 -157	Plan 640 Actual 515 -125	Plan 600* Actual 525 -75	<ul style="list-style-type: none"> <li>• Cumulative effect of FY 67/68/69 - 357M FY 70 "600" was for planning, requirement was 730</li> </ul>

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PART VI

OFFICIAL FINANCIAL

HISTORY

SECTION B-1

FINANCIAL ANALYSIS

31 JULY 1969

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2. SUMMARY OF DIRECTION/GUIDANCE GIVEN TO THE MOL SO ON FY 70 FUNDS	1
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31 JUL 1969

1. Introduction

The purpose of this Section is to provide an analysis of the MOL financial situation highlighting the FY 70 funding requirements and the contractors' financial forecast subsequent to termination.

2. FY 70 Funding Requirements

On 1 July 1968, Dr. Flax, Deputy for Defense Research and Engineering, directed the MOL Program to plan for \$515M in FY 69 and \$600M in FY 70. Using these funding levels, the Systems Office (SO) and the contractors developed the FY 69 Baseline Schedule. However, in October 1968, the contractors' forecast requirement for FY 70 exceeded \$730M.

On 6 December 1968, a Development Concept Paper sent to the Assistant Secretary for Defense carried the FY 70 MOL requirements as \$576M.

On 19 March 1969, Secretary Laird advised the Senate Armed Services Committee that the FY 70 MOL budget of \$576M for a seven flight program had been reduced to \$556M. The \$20M reduction in FY 70 was the result of a determination that a six (6) launch program could accomplish all of the approved program objectives.

On 2 April 1969, following receipt of a 1 April Program Office TWX, the SO advised all contractors of the six (6) flight program and that \$556M for FY 70 represented 70% of the requirements to maintain the FY 69 Baseline Schedule. The TWX further advised all contractors to maintain 4th quarter FY 69 costs at a level comparable to those experienced in the 3rd quarter of the year, avoid the manpower buildup scheduled for the 4th quarter, and that a schedule slip of at least three months could be anticipated.

On 12 April 1969, the MOL SO was advised by the Washington Program Office of the prospect for \$525M in FY 70. During the week of 6 May, the

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SO and contractors met and developed a new FY 70 baseline schedule based on an anticipated funding level of \$525M for FY 70.

On 9 May 1969, the FY 70 baseline was presented to Dr. Seamans. The briefing emphasized that in order to provide the two years of schedule stability required to move the program forward to first manned launch, a firm commitment must be made for \$515M for FY 70 and \$625M-640M for FY 71. On 10 June 1969, the program was terminated.

Enclosures 1, 2 and 3 respectively summarize the MOL FY 70 funding chronology, the direction/guidance given to the MOL SO and the action taken by the SO with the contractors.

### 3. Analysis of Contractors' Fund Requirements

The allocation of monies obligated against the various contracts is shown on Enclosures 4, 5 and 6. The contractors' 10 June position is split into noncancellable (NCC) and expenditures plus fee (E + F) on Attachment 4. The remaining fund requirements under special termination cost (STC) and limit of government obligation (LOGO) are shown on Attachment 6.

### 4. Termination Timing

Although the program was terminated on 10 June, contractor termination was phased from 10 June through 31 July. Enclosure 7 indicates by contractor the percent of termination on 10 June; and, for those not 100% terminated the date that final termination took place. It was extremely difficult to accurately define the scope of the work not terminated. Rough estimates attribute \$7.458M of the forecasted \$53.455M (Attachment 5) to this effort.

### 5. Special Termination Costs

The contractors' identification of the functions generating the STCs is

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shown on Enclosure 8. The categories of costs to which prime contractors and subcontractors may be entitled in the event of termination for the convenience of the government is shown on Enclosure 9.

6. Contractor Funding Requirements

The contractor funding requirements are shown on Enclosure 10. The specific line item entries are as follows:

a. Government liability as of 10 June represents the total amount payable by the government and includes expenditures, profit, NCC and termination expenses not included as STCs.

b. Work not terminated 10 June is the E+F for the stop work or suspension of work period or for the continuation of that effort not terminated.

c. STCs are the amount designated in the contract, or in several instances, the contractor's current estimate of STC, i.e., MMC Contract - \$7.5M vs current forecast of \$3.5M.

d. Total required to terminate MOL program is the sum of a + b + c.

e. Funds on contract 10 June represents the amount actually obligated on the contract as of that date.

f. Estimated requirement for program termination represents the difference between funds obligated as of 10 June and the current financial forecasts (d - e).

g. Funding 10 June to date represents all funds obligated on the contract subsequent to 10 June and includes FY 69, FY 70 and other program funds.

h. Remaining to be funded represents the difference between the estimated requirement for program termination (f) and the amount currently

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obligated on the contract (e + g). This amount is further broken out to identify the amounts remaining to be funded for the amount payable by the government through date of complete termination exclusive of STCs and balance of funding required for STCs.

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MOL FY FUNDING CHRONOLOGY

<u>DATE</u>	<u>FY 68</u>	<u>FY 69</u>	<u>FY 70</u>	<u>REMARKS</u>
July 1966 (Negotiated B/L) (FY 67 = 286)	587	647	344	<ul style="list-style-type: none"> <li>Entered FY 67 with 587 requirements for FY 68</li> <li>Total of 1980</li> </ul>
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MOL FY FUNDING CHRONOLOGY (Continued)

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Jun 1969				<ul style="list-style-type: none"> <li>• Program Termination</li> </ul>
Summary	Plan 587 Actual 430 -157	Plan 640 Actual 515 -125	Plan 600* Actual 525 -75	<ul style="list-style-type: none"> <li>• Cumulative effect of FY 67/68/69 - 357M FY 70 "600" was for planning, requirement was 730</li> </ul>

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CONTENT

DATE

1 July 68  
(1040/H/3901)

TMX (PO/SO): Dr. Flax directed that the work and flight schedule for the present baseline MOL Program be adjusted as necessary i.a.w. the following:

- a. Plan a \$515M NOA in FY 69 and \$600M in FY 70.
- b. Reschedule FV-3, the first manned all-up flight, as early as possible after August 1971.
- c. Set approximately 4-5 month intervals between FV-3 and subsequent launches. Reschedule FV-1 and FV-2 qual launches to maintain balance with adjusted FV-3.

19 March 69  
(1018/H/6382)

TMX (PO/SO; 576 to 556): Secretary Laird advised the Senate Armed Services Committee that the original FY 70 MOL Budget of \$576M for a seven (7) launch program had been reduced to \$556M. The \$20M reduction in FY 70 is the results of a determination that a six (6) launch program can accomplish all of the approved objectives.

1 April 69  
(1022/H/6489)

- a. Defer all development effort for an unmanned MOL until at least 1972. Stop efforts and/or expenditures unique to an unmanned MOL System.
- b. FV-6 & 7 Unmanned, have been removed. A 4th manned vehicle provides for a six (6) flight program; FV-1 & 2 Unmanned qualification launches; FV-3, 4, 5, & 6 as all up Manned Vehicles for 30-day mission.

11 April 69  
(1024/H/6628)

TMX (PO/SO): SO advised that Gen Ferguson was assembling a high-level Blue-Suit Team to review MOL Status and prospects at the \$525M in FY 70.  
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Encl 2 Page 1

SUMMARY OF ACTION WITH CONTRACTORS ON FY 70 FUNDS

CONTRACTORS INVOLVED

ACTION

DATE

2 April	<p>Program Managers, all major contractors</p> <p>Program Managers, all major contractors</p>	<p>TX: \$556 is 70% of requirements, therefore expect an adjustment. Announced 6 Flt Plan and 3 mo slip.</p>
7 April	<p>Program Managers, all major contractors</p>	<p>TX: Authority for 6 Vehicle Manned Program. Bring next CFR to this Baseline. No cost after recovery.</p>
9/10 April	<p>Corporate Management, all major contractors</p>	<p>TX: FY 70, 71, 72 and total fund allocations for each contractor</p>
14 April	<p>Corporate Management, all major contractors except T-IIIM</p>	<p>TX: Guidance for Development of Data for Program Review</p>
18 April	<p>Corporate Management, all major contractors except T-IIIM</p>	<p>TX: ROM FY 70 Schedule Options/Content Items, asked for 22 Apr Mtg</p>
22 April	<p>All major contractors</p>	<p>Meeting at SAMS0 to present costs for FY 70 B/L Contractors instructed on actions to prepare for Second Round</p>
1 March	<p>Program Managers, all major contractors</p>	<p>TX: Contr Brief SO on Sched Options and announce Huntington Beach Schedule Exercise, week of 5-9 May</p>
5/9 May	<p>MAC, DAC, GE, EKC, MMC</p>	<p>Schedule established at Huntington Beach</p>
22/23 May	<p>DAC, MAC, GE, EKC</p>	<p>TX: Official direction on FY 70 schedule (Launch dates/config), program content (acceptable deletions), and test flow - sign PCO</p>
29 May/2 Jun	<p>T-III Contractors</p>	<p>TX: Official direction on FY 70 schedule T-III Contractors Launch dates and vehicles</p>

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CONTRACTOR FINANCIAL SITUATION (AT TERMINATION LESS WORK AFTER 10 JUNE)

CONTRACTOR	W	E + F	NCC	10 JUNE GOVT LIAB	CUM FY-69 FUNDING
MDAC-WD		393,709	37,380	431,089	398,550
	B	9,945	.414	10,359	9,975
	T	403,654	37,794	441,448	408,525
GE		89,778	12,201	101,979	91,379
	B	122,572	5,835	128,407	123,126
	T	212,350	18,036	230,386	214,505
EKC		267,940	19,970	287,910	282,897
MDAC-ED		84,854	25,346	110,200	97,985
MMC		77,251	3,927	81,178	77,882
ACED		13,647	2,919	16,566	16,625
AGC		24,376	.818	25,194	24,950
UTC		40,861	9,100	49,961	42,360
MISC		71,052	.300	71,352	72,258
TOTAL		1,195,985	118,210	1,314,195	1,237,987

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31 JULY 1969  
FUND REQUIREMENTS #1

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CONTRACTOR	W B T	GOVT LIAB 10 JUNE E + F + NCC	WORK NOT TERM		STC	TOTAL RQMT TO TERM PGM	FUNDS ON CONTRACTS 10 JUN	EST'D RQMT FOR TERM
			10 JUN					
MDAC-WD		431.069	.300		12.850	444.239	398.550	45.689
		10.359	0		.214	10.573	9.975	.598
		441.448	.300		13.064	454.812	408.525	46.287
GE		101.979	0		5.100	107.079	91.379	15.700
		128.407	.717		5.700	134.824	123.126	11.698
		230.386	.717		10.800	241.903	214.505	27.398
EKC		287.910	3.700		10.421	302.031	282.897	19.134
MDAC-ED		110.200	0		8.000	118.200	97.985	20.215
MMC		81.178	.066		3.500	84.744	*77.882	6.862
ACED		16.566	.020		.200	16.786	**16.625	.161
AGC		25.194	.555		.950	26.699	24.950	1.749
UTC		49.961	1.100		.950	52.011	42.360	9.651
MISC		71.352	1.000		0	72.352	72.258	.094
TOTAL		1314.195	7.458		47.885	1369.538	1237.987	131.551

\* Includes \$1M applied 2 July 1969

\*\* Includes \$43K applied 27 June 1969

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31 JULY 1969  
FUND REQUIREMENTS #2

<u>CONTRACTOR</u>	EST'D REQMT FOR TERM	FUNDED TO DATE FY 70 \$	REM TO BE FUNDED	REM UNDER LOGO	REM UNDER STC
MDAC-WD	45.689 <u>.598</u> 46.287	35.000 <u>.146</u> 35.146	10.689 <u>.452</u> 11.141	(2.161) <u>.384</u> (1.777)	12.850 <u>.068</u> 12.918
GE	15.700 <u>11.698</u> 27.398	5.900 5.300 <u>11.200</u>	9.800 6.398 <u>16.198</u>	4.700 <u>.698</u> 5.398	5.100 5.700 <u>10.800</u>
EKC	19.134	10.860	8.274	1.681	6.593
MDAC-ED	20.215	4.500	15.715	7.715	8.000
MMC	6.862	.600	6.262	2.762	3.500
ACED	.161	0	.161	(.039)	.200
AGC	1.749	.600	1.149	.199	.950
UTC	9.651	2.500	7.151	6.201	.950
MISC	.094	(.406)	.500	.500	0
TOTAL	131.551	65.000	66.551	22.640	43.911

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TERMINATION TIMING

NDAC-ED	100%/10 June	100%/24 June
NDAC-WD	96.5%/10 June	
GE	A 100%/10 June	100%/30 June
	B 80%/10 June	
EKC	40%/10 June	100%*/30 June
EMC	97%/10 June	100%/10 July
ACED	93%/10 June	100%/10 July
AGC	35%/10 June	100%/10 July
UTC	70%/10 June, 85%/10 July	100%/18 July
WHIRLPOOL		100%/3 August
TRN	Ascent Re-entry	100%/10 June
	On-Orbit	0%/10 June
HAN STD	50%/10 June	100%/31 July
AEROSPACE	0%/10 June	100%/30 June

\* AUTHORIZED LIMITED FACILITY COMPLETION AS TERMINATION EXPENSE ON 11 JULY 1969.

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CONTRACTOR IDENTIFICATION OF FUNCTIONS GENERATING  
THE SPECIAL TERMINATION COSTS

1. MDAC-WD

- a. Post-termination plant maintenance and operational costs for both Prime and Subcontractors
- b. Settlement Expenses for Prime and Subcontractors
- c. Return of Prime and Subcontractor field service personnel from sites

2. MDAC-ED

- a. Severance Pay for Prime personnel
- b. Return of Prime field service personnel from sites
- c. Settlement Expenses for Prime and Subcontractors

3. GE

- a. Applied and unapplied surplus personnel for both Prime and Subcontractors
- b. Prime contractor settlement expense of subcontractor and vendor settlement activities
- c. Termination Inventory
- d. Other termination charges

4. EKC

- a. Travel connected with termination
- b. Direct labor people estimating physical completion
- c. Direct labor taking inventory, storing and disposing
- d. Direct labor involved in settlement of vendor claims
- e. Q.C. cost associated with incoming material
- f. Relocation expenses associated with moving personnel back to ONF
- g. Credit for sale of scrap
- h. Non-burden center personnel involved in subcontract settlement
- i. Non-burden center personnel involved in inventory taking

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- j. Non-burden center personnel involved in preparing company claim
- k. Indirect labor personnel engaged in wrap-up activities not covered by other jobs
  - l. Indirect personnel estimating % complete
  - m. Indirect personnel taking inventory, storing and disposing
  - n. Direct labor personnel engaged in wrap-up activities not specified by other jobs

5. MMC

- a. Severance pay
- b. Post-termination plant maintenance and operational costs
- c. Settlement expenses

The above for both Prime and Subcontractors

6. AGC

Plant administrative functions and severance pay for both Prime and Subcontractors

7. UTC

Settlement Expense for Prime

8. ACED

Settlement Expense for Prime

SPECIAL TERMINATION COSTS

The categories of costs to which the Prime Contractor and the Subcontractors may be entitled in the event of termination for the convenience of the Government are as follows:

a. Severance Pay

(1) ASPR 15-205.39(a) - Costs of severance pay, payment in addition to regular salaries and wages to workers whose employment is being terminated, are allowable only to the extent that, in each case, it is required by (i) law, (ii) employer-employee agreement, (iii) established policy that constitutes, in effect, an implied agreement on the Contractor's part, (or (iv) circumstances of the particular employment.

(2) ASPR 15-205.39(b)(ii) - Abnormal or mass severance pay. Accruals of pay for this purpose are not allowable. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis in the event of occurrence.

b. Reasonable post-termination plant maintenance and operational costs.

c. Settlement Expenses

ASPR 15-205.42(f) - Settlement expenses including the following are generally allowable:

(1) Accounting, legal, clerical, and similar costs reasonably necessary for -

(i) preparation and presentation to contracting officers of settlement claims and supporting data, and

(ii) the termination and settlement of subcontracts; and

(2) reasonable costs for the storage, transportation, protection, and disposition of property acquired or produced for the contract.

d. Cost of return of field service personnel from sites.

1 January 1961

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**SUPPLY AND RESEARCH CONTRACTS WITH COMMERCIAL ORGANIZATIONS**

**15-205.37 *Selling Costs.***

(a) Selling costs arise in the marketing of the contractor's products and include costs of sales promotions, negotiation, liaison between Government representatives and contractor's personnel, and other related activities.

(b) (CWAS) Selling costs are allowable to the extent they are reasonable and are allocable to Government business (but see 15-107 and 15-205.1). Allocability of selling costs will be determined in the light of reasonable benefit to the Government arising from such activities as technical, consulting, demonstration, and other services which are for purposes such as application or adaptation of the contractor's products to Government use.

(c) (CWAS-NA) Notwithstanding (b) above, salesmen's or agents' compensation, fees, commissions, percentages, or brokerage fees, which are contingent upon the award of contracts, are allowable only when paid to bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

**15-205.38 *Service and Warranty Costs.*** (CWAS) Such costs include those arising from fulfillment of any contractual obligation of a contractor to provide services such as installation, training, correcting defects in the products, replacing defective parts, making refunds in the case of inadequate performance, etc. When not inconsistent with the terms of the contract, such service and warranty costs are allowable. However, care should be exercised to avoid duplication of the allowance as an element of both estimated product cost and risk.

**15-205.39 *Severance Pay.***

(a) (CWAS) Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by contractors to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that, in each case, it is required by (i) law, (ii) employer-employee agreement, (iii) established policy that constitutes, in effect, an implied agreement on the contractor's part, or (iv) circumstance of the particular employment.

(b) Costs of severance payments are divided into two categories as follows:

(i) actual normal turnover severance payments shall be allocated to all work performed in the contractor's plant; or, where the contractor provides for accrual of pay for normal severances such method will be acceptable if the amount of the accrual is reasonable in light of payments actually made for normal severances over a representative past period, and if amounts accrued are allocated to all work performed in the contractor's plant; (CWAS) and

(ii) abnormal or mass severance pay is of such a conjectural nature that measurement of costs by means of an accrual will not achieve equity to both parties. Thus accruals for this purpose are not allowable. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis in the event of occurrence. (CWAS-NA)

1 January 1969

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### SUPPLY AND RESEARCH CONTRACTS WITH COMMERCIAL ORGANIZATIONS

(3) If initial costs are claimed and have not been segregated on the contractor's books, segregation for settlement purposes shall be made from cost reports and schedules which reflect the high unit cost incurred during the early stages of the contract.

(4) When the settlement proposal is on the inventory basis, initial costs should normally be allocated on the basis of total end items called for by the contract immediately prior to termination; however, if the contract includes end items of a diverse nature, some other equitable basis may be used, such as machine or labor hours.

(5) When initial costs are included in the settlement proposal as a direct charge, such costs shall not also be included in overhead.

(6) Initial costs attributable to only one contract shall not be allocated to other contracts.

(d) *Loss of useful value of special tooling, special machinery and equipment* is generally allowable, provided—

(i) such special tooling, machinery or equipment is not reasonably capable of use in the other work of the contractor;

(ii) the interest of the Government is protected by transfer of title or by other means deemed appropriate by the contracting officer; and

(iii) the loss of useful value as to any one terminated contract is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the contract bears to the entire terminated contract and other Government contracts for which the special tooling, special machinery and equipment was acquired.

(e) *Rental cost under unexpired leases* are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated contract, less the residual value of such leases, if—

(i) the amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the contract and such further period as may be reasonable; and

(ii) the contractor makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease.

There also may be included the cost of alterations of such leased property, provided, such alterations were necessary for the performance of the contract, and of reasonable restoration required by the provisions of the lease.

(f) *Settlement expenses* including the following are generally allowable:

(1) accounting, legal, clerical, and similar costs reasonably necessary for—

(i) the preparation and presentation to contracting officers of settlement claims and supporting data with respect to the terminated portion of the contract, and

(ii) the termination and settlement of subcontracts; and

(2) reasonable costs for the storage, transportation, protection, and disposition of property acquired or produced for the contract.

(g) *Subcontractor claims*, including the allocable portion of claims which are common to the contract and to other work of the contractor are generally allowable.

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CONTRACT FINANCIAL STATUS  
AS OF 31 JULY 1969

	MMC	ACE	AGC	UTC	MDAC-WD(A)	MDAC-WD(B)
A. Govt Llab 10 Jun (E + F + NCC)	\$100,661,200	\$19,494,945	\$41,220,000	\$55,900,000	\$431,089,000	\$10,359,000
B. Work not Term 10 Jun	65,800	20,000	555,000	1,100,000	300,000	--
C. STC	3,500,000	200,000	950,000	950,000	12,850,000	214,000****
D. Total Req to Term MOL (A + B + C)	104,227,000	19,714,945	42,725,000	57,950,000	444,239,000	10,573,000
E. Fund on Contr 10 Jun	96,365,561*	19,496,877*	40,975,750*	48,298,840*	398,550,000	9,975,000
F Est Req for Prog Term (D - E)	7,861,439	218,068	1,749,250	9,651,160	45,689,000	598,000
G. Funding 10 Jun to Date	1,600,000	56,747	600,000	2,500,000	35,000,000	146,000
H. Remaining to be Funded (F - G)	6,261,439	161,321	1,149,250	7,151,160	10,689,000	452,000
H <sub>1</sub> Logo	2,761,439	(38,679)***	199,250**	6,201,160	(2,161,000)***	384,000*
Fund Runout Date	22 May	16 Jun	10 Jul	1 Jun	24 Jun	30 Jun
H <sub>2</sub> STC	3,500,000	200,000	950,000	950,000	12,850,000	68,000

\*Incl Non-MOL Funds 19,483,561 2,928,624 16,025,750 Includes target profit @ 9.5%  
 \*\* Contractor's request; however, contract fully funded under LOGO  
 \*\*\* Contract overfunded on LOGO; excess funds will be applied to STC  
 \*\*\*\* 214K represents contractor's forecasted requirement vs contract limitation of 184K.

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	GE (A)	GE(B)	EK	TRW (A)	TRW(B)	MDAC-ED	TOTALS
.Govt Liab 10 Jun (E + F - NCC)	\$101,979,000	\$128,407,000	\$310,530,000	\$1,400,000	\$1,510,300	\$110,200,000	\$1,312,750,445
.Work not Term 10 Jun	-	717,000	3,700,000	-	-	-	6,457,800
.STC	5,100,000	5,700,000	10,421,000	-	-	8,000,000	47,885,000
.Total Req to Term MOL (A + B + C)	107,079,000	134,824,000	324,651,000	1,400,000	1,510,300	118,200,000	1,367,093,245
.Funds on Contr 10 Jun	91,379,000	123,126,000	305,517,000*	1,400,000	1,510,300	97,985,000	1,234,579,328
.Est Req for Prog Term (D - C)	15,700,000	11,698,000	19,134,000	-	-	20,215,000	132,513,917
.Funding 10 Jun to Date	5,900,000	5,300,000	10,860,000	-	-	4,500,000	66,462,747
.Remaining to be Funded (F - G)	9,800,000	6,398,000	8,274,000	-	-	15,715,000	66,051,170

	1 Jun	19 Jun	30 Jun	30 Jun	30 Jun	8 May
.Logo	4,700,000	698,000	1,681,000**	-	-	7,715,000
Fund Runout Date						
.STC	5,100,000	5,700,000	6,593,000	-	-	8,000,000
TOTALS						43,911,170

incl Non-Mol Funds 22,620,000  
Contractor's request; however, contract fully funded under LOGO

Hamilton Standard states costs incurred 10 Jun until Term. \$208,000

Includes target  
profit @ 10.25%

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PART VI

OFFICIAL FINANCIAL

HISTORY

SECTION B-2

VARIANCE ANALYSIS

31 JULY 1969

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I. INTRODUCTION AND EXPLANATION OF ENCLOSURES

The Variance Analysis documents contractor responses to the SO regarding differences between forecast and actual claims through 10 June 1969. Enclosure 1 reflects the net change between the contractors' 30 April Contract Financial Report (CFR) forecast and their claim through 10 June 1969, as of the end of June. Enclosure 1 was the basis for SO messages and telecons to specific contractors requesting an explanation of their net change. Enclosure 2 shows exactly the same information as Attachment 1 but reflects data as of 31 July. Enclosure 3 through 7 contain the respective contractor responses to the SO request for net change information.

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FORECAST/CLAIM ANALYSIS (AS OF 30 JUNE 1969)

CONTRACTOR	MAY	1/3 JUNE	TOTAL	CURRENT	NET
	FCST (30 APR CFR)	RATE	FCST (30 APR CFR)	CLAIM TO 10 JUN E + F + NCC	
MDAC-ND	418.7	5.1	423.8	443.2	19.4
GE	219.5	2.7	222.2	224.8	2.6
EKC	286.2	3.8	290.0	287.9	-2.1
MDAC-ED	103.2	1.3	104.5	110.2	5.7
MMC	77.4	1.1	78.5	81.2	2.7
ACED	16.6	.2	16.8	17.5	.7
AGC	24.7	.3	25.0	25.0	0
UTC	45.6	1.2	46.8	50.0	3.2
MISC	68.1	.8	68.9	71.7	2.8
TOTAL	1260.0	16.5	1276.5	1311.5	35.0

BASIS: 30 APR CFR'S  
FULL LIABILITY BASIS (E + F + NCC)

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ENCLOSURE 1  
PAGE 1

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FORECAST/CLAIM ANALYSIS  
AS OF 31 JULY 1969

CONTRACTOR	MAY		1/3 JUNE		TOTAL		CURRENT CLAIM TO 10 JUNE E + F + NCC	NET CHANGE
	FCST (30 APR CFR)	FCST (30 APR CFR)	RATE	FCST (30 APR CFR)	FCST (30 APR CFR)	FCST (30 APR CFR)		
MDAC-WD	418.7	5.1	423.8	441.4	17.6			
GE	219.5	2.7	222.2	230.4	8.2			
EKC	286.2	3.8	290.0	287.9	-2.1			
MDAC-ED	103.2	1.3	104.5	110.2	5.7			
MMC	77.4	1.1	78.5	81.2	2.7			
ACED	16.6	.2	16.8	16.6	-.2			
AGC	24.7	.3	25.0	25.2	.2			
UTC	45.6	1.2	46.8	50.0	3.2			
MISC	68.1	.8	68.9	71.3	2.4			
TOTAL	1260.0	16.5	1276.5	1314.2	37.7			

BASIS: 30 APR CFR'S  
Full Liability Basis (E + F + NCC)

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ENCLOSURE 2

PAGE 1

On or about the 8th of August 1969 the following message was transmitted via telecon by General Bleymaier, Deputy Director, MOL SO, to Mr. Charles Able, McDonnell Douglas Corporation.

"I am particularly concerned with the termination costs for the MOL Program. These costs show a disturbing tendency to run somewhat higher than one would expect based upon the financial information you have supplied earlier in the program."

"In your 30 April 1969 Contract Financial Report, you forecast a position of 423.8M for the 10th of June. This is based upon your 30 May estimate plus a prorata share (1/3) of your June estimate. After an allowance of .3M for work carried beyond 10 June, your latest claim of 443.2M exceeds this figure by 19.4M."

"Please supply me not later than 22 August with an analysis of the cause of this variance."

MC DONNELL-DOUGLAS ASTRONAUTICS - WESTERN DIVISION

Attached is the MDAC-WD data received as a result of our meeting on Friday, 15 August. Their accounting for the variance between the 30 April report and the July report is on the top sheet. Their discussion of these figures went as follows:

1. Company Statement:

A. General Termination Costs 3.2

This was not included in the earlier CFR in an effort to purge the NCC of unanticipated items. See Page 9. (This is carried at 3.1 on page 9) (The 12 August Report reduces this to 2.5)

B. MSK/CSK Risk (NCC) 10.0

This is a net figure which results from the following data.

Reevaluation of NCC and Profit. Page 8	13.5
NCC Overrun Separate Sched. Attd. Page 8	.2
Profit - shown separately Page 1	(3.3)
Continued Work - shown separately Pg 1	(.3)
Unidentified Decrease & Rounding	(.2)
Net Increase in NCC	<u>10.0</u>

The contractor's May CFR (received June) contained an exceptional increase of 7.0M for July FY 70. This was footnoted as recognition of "prior commitment" to subs.

C. Profit on NCC 3.3

See page 8. The company states that this was excluded from the earlier NCC.

D. Overhead Adjustment Page 7 1.8

E. Work Carried Beyond 10 June 1.3

17.6

2. SO Calculation (May + 1/3 June) 19.4

1.8

3. Work Carried on (Not incl. in SO calculation) .3

4. Net Differential 2.1

This is a reasonable variance caused by Accounting Period Disparity: DAC's "June" is May 25 to June 27.

Since the July report, the company has reduced their claim by \$2.2M as shown on page 2 of their analysis.

The principal area of growth is on the NCC and profit thereon. This amounted to 10.0 + 3.3 as above between the April and July reports. The company has not supplied the names of the subs or the extent of the commitment which led them to this reevaluation. This may provide an area for investigation and analysis by the TCO.



8/18/69

GENERAL RECONCILIATION FROM MAY 4 TO JULY 28 CFR

Forecast for 10 June from May 4 CFR = 416.0

Forecast for 10 June from July 28 CFR = 433.6

Increase = 17.6

Causes for Increase

- |  |           |
|--|-----------|
| 1. Estimate for General Termination Costs            | 3.2       |
| 2. Recognition of MSK/CSK Funding Risk               | 10.0*     |
| 3. Profit on Uncancellable Commitments               | 3.3       |
| 4. Expected Overhead Adjustment                      | .8        |
| 5. IBM, Ham Std., Fairchild Hiller final termination | <u>.3</u> |

Total 17.6

\*Included at 7.0 on June 6 CFR.

A3-500

8/18/69

RECONCILIATION FROM JULY 28 TO AUGUST 12 CFR

Forecast for 10 June from July 28 CFR = 433.6

Forecast for 24 June\* from August 12 CFR = 431.4

Decrease = 2.2

Causes for Decrease

1. Reduction in estimate for General Termination Costs = .7
2. Reduction in MSK/CSK risk = .7
3. Elimination of Overhead Adjustment = .8

Total 2.2

\* Period of complete termination.

A3-800

MOL -0029 CFR SUMMARY

3-13-04

	May 4 CFR (as of April 27)	June 6 CFR (as of May 25)	June 23 CFR (as of June 10)	July 15 CFR (as of June 29)	July 28 CFR (as of June 29)	August 12 CFR (as of July 27)
Balance	364,725	381,594	385,378	398,981	Same	402,776 + (3,803) Spec. Ter
Amount Received	364,725	375,194	385,378	388,813	--	397,277
Amounts on Contract	398,550	398,550	398,550	398,550	Same	433,550
Net Expend. + Profit	368,832	384,191	419,044	419,937	395,688 (3.1 Gen. Term.)	394,009**
Cancellable Commitments	29,972	28,384	Subs & Vendor Claims Incl. in above @ 65% on Mat'l & 100% Subcontractors	Same	37,862 (Subs & Vendor Claims-65% Mat'l & Subs at same new estimate)	37,380 (2.5 Gen. Term., 34.9 Subs & Vendor Claims-65% Mat'l & Subs at same new estimate)
Term. Costs	15,743*	15,743*	13,550	13,550	13,550	12,650
Risk & Gen. Term. Costs	--	--	10,500 (3.5 Gen. Term + 7.0 Subs under fund)	13,613	--	--
1 E+F+C + Spec. Term. Costs 10-69 **	--	--	443,094	447,100	447,100	444,239
Spec. Term. Costs	--	--	13,550	13,550	13,550	12,650
1 - Less Spec. Term. Costs	398,804	412,575	429,544	433,550	433,550	431,389

1,550 On Contract  
Term. 24 June 3 Subs

Expire Date: 10-1-60  
Date: 15 August 1969

CFR HISTORY

Contract: [REDACTED]  
(Dollars in Millions)

Dollars	May 4 CFR (as of April 27)	Forecast as of June 10 + Delta Costs = July 28 CFR (using May CFR) (as of June 29)	August 12 CFR (as of July 27)
Invoiced	364.725	388.813* + 10.168 = 398.981	402.776
Payments Received	364.725	385.378* + 3.435 = 388.813	397.277
Funded	398.550	398.550* + -0- = 398.550	433.550
Total Expenditures + Profit (at 9.5%)	368.832	394.126 + 1.562 = 395.688	394.009
Non-Cancellable Commitments	29.972	21.830 + 16.032 = 37.862	37.380
Subtotal E+F+C	398.804	415.956 + 17.594 = 433.550	431.389
Special Termination Costs	15.743	15.743 - 2.193 = 13.550	12.850
Total E+F+C + STC	414.547	431.699 + 15.401 = 447.100	444.239

\* Actual Position

Prepared By: A3-800  
Date: 15 August 1969

CFR BILLING AND COLLECTION HISTORY

Contract [REDACTED]  
(Dollars in Millions)

Report Date	Billed	Invoice Number	Rate Billed	Paid	Invoice Number	Date Paid
May 4 CFR (as of April 27)	364.725			364.725		
	3.331	A691-9	4-28	3.331	A691-9	4-29
	1.492	B5831-9	5-1	1.492	B5831-9	5-7
	.055	B5879-9	5-8	.055	B5879-9	5-16
	3.677	B5866-9	5-8	3.677	B5866-9	5-12
	1.914	B5917-9	5-15	1.914	B5917-9	5-21
	3.609	A781-9	5-19	3.609	A781-9	5-21
	2.791	B6003-9	5-22	2.791	B6003-9	5-28
	1.618	B6038-9	5-26	1.618	B6038-9	5-29
	2.166	B6084-9	6-5	2.166	B6084-9	6-10
	3.435	A926-9	6-9			
Forecast as of June 10	388.813			385.378		
	10.168	B6270-9	6-25	3.435	A926-9	6-11
July 28 CFR (as of June 29)	398.981			388.813		
	3.796	B6342-9	7-9	4.608	B6270-9	7-3
				3.796	B6342-9	7-15
August 12 CFR (as of July 27)	402.776			397.277		

Prepared By: A3-800  
Date: 15 August 1969

CFR FUNDING HISTORY

Contract

(Dollars in Millions)

FUNDING

Received per May 4 CFR (as of April 27)	398.550
Forecast as of June 10	398.550
Received per July 28 CFR	398.550
Change Order 180, dated July 10	35.000
Received per August 12 CFR (as of July 27)	433.550

Prepared By: A3-800  
Date: 15 August 1969

CFR Expenditure + Profit History

Contract [REDACTED]

(Dollars in Millions)

<u>Reported</u>	<u>Value</u>	<u>Remarks</u>
May 4 CFR (as of April 27)	\$368.832	
Forecast as of June 10 using May 4 CFR	394.126	Based on May CFR projection which was too high.
Actuals as of June 10 (June 15 cost ledger plus 9.5% profit)	392.531	Includes \$.768* for proposed overhead rate adjustment
July 28 CFR (as of June 29)	395.688	Increase over June 10 actuals is due to the inclusion of \$3.157 of proposed General Termination Costs
August 12 CFR (as of July 27) (June 29 cost ledger plus 9.5% profit)	394.009	Variance from July 28 CFR = \$ 1.679 Remove General Termination Costs (3.157) Remove Labor Rate Adjustment (.768) Increase Expenditure for Period of June 15 to June 29 <u>2.246</u> \$1.679

\*Forecast at time of termination--removed on August 12 CFR.

Prepared by: A3-300  
Date: 15 August 1969

CFR COMMITMENT HISTORY

Contract [REDACTED]  
(Dollars in Millions)

Reported	Value	Remarks
May 4 CFR (as of April 27)	29,972	
Forecast as of June 10 using May 4 CFR	21,830	Reduction is due to MSK/CSX payments against existing commitments authorized
Actuals as of June 10	24,375	Excess is due to the fact that some MSK/CSX payments were not made as soon as anticipated. The overrun in this area corresponds with the overrun to the June 10 proposed costs shown at the expenditure plus profit area.
July 28 CFR (as of June 29)	37,862	Increase over June 10 actuals is primarily due to the inclusion of \$10,000* of outstanding MSK/CSX risk plus 2.5% profit on both it and the outstanding commitments as of June 10. None of this was included in May CFR.
August 12 CFR (as of July 27)	37,380	Variance from July 28 CFR = \$ (-,482) Add general termination costs 2,500 Remove commitments for (2,246) period of June 15 to June 29 Reduce MSK Risk (-,736) \$ (-,482)

\* Included @ 7.0 in June CFR.  
o Profit on commitments exclude to keep "idle funds" at a minimum.



8/18/69

CFR GENERAL TERMINATION COST - HISTORY

Contract [REDACTED]  
(Dollars in Millions)

REPORTED	VALUE	REMARKS
May 4 CFR (as of April 27)	-0-	In order to keep "idle funds" out of the program it was agreed between the company and the customer that all costs exclusive of expenditures, profit on expenditures, and uncancelable commitments would be eliminated from funding forecasts until all funding risk could be covered.
July 28 CFR (as of June 29)	3.1	Recognition of General Termination cost to include vendor claims and certain facility items (derived statistically from Skybolt data).
August 12 CFR (as of July 27)	2.5	More realistic estimate of items included in July 28 CFR.

A3-800

8/18/69

CFR SPECIAL TERMINATION COST - HISTORY  
Contract [REDACTED]  
(Dollars in Millions)

<u>REPORTED</u>	<u>VALUE</u>	<u>REMARKS</u>
March 7 CFR (as of February 23)	13.6	Value based upon inhouse and subcontract expenditures within the fiscal '69 funding constraint.
April 10 CFR (as of March 30)	15.7	Value modified to reflect fiscal '69 funding data contained in the SA 107 pricing proposal.
May 4 CFR (as of April 27)	15.7	-----
July 28 CFR (as of June 29)	13.6	Modified to agree with value in contract schedule - more realistic to conditions resulting from fiscal '69 funding constraint.
August 12 CFR (as of July 27)	12.9	Current reestimate of requirements.

A3-800

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ACTION

19 AUG 1969 17 30

RR RUXQ3AG  
DE RUXQ3AA 357 2311735  
ZNY XXXXX WWW  
R 191726Z  
BT  
XXXXX



~~SECRET~~ 191726Z AUG 69 CITE [REDACTED] 2138.

DORIAN

FOR M. S. MALKIN, INFO TO P. ISAACSON, FROM J. S. BLEYMAIER  
THIS MESSAGE IN THREE PARTS. PART I. I AM PARTICULARLY CONCERNED  
WITH THE TERMINATION COSTS FOR THE MOL PROGRAM. THESE COSTS SHOW  
A DISTURBING TENDANCY TO RUN SOMEWHAT HIGHER THAN ONE WOULD EXPECT  
BASED UPON THE FINANCIAL INFORMATION YOU HAVE SUPPLIED EARLIER IN  
THE PROGRAM.  
PART II. IN YOUR 30 APRIL 1969 CONTRACT FINANCIAL REPORT YOU FORECAST  
A POSITION OF 222.2M FOR THE 10TH OF JUNE. THIS IS BASED UPON YOUR  
ESTIMATE FOR 30 MAY PLUS A PRORATA SHARE (1/3) OF YOUR JUNE ESTIMATE.  
AFTER AN ALLOWANCE OF .7M FOR WORK CARRIED BEYOND 10 JUNE, YOUR  
LATEST CLAIM OF 225.5M EXCEEDS THIS FIGURE BY 2.6M.  
PART III. PLEASE SUPPLY ME NOT LATER THAN 22 AUGUST WITH AN ANALYSIS  
OF THE CAUSE OF THIS VARIANCE.

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BT

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NR RUK25AA  
DE RUK25AG 010 2572100  
ZY XXXXX  
R 252100  
BT  
XXXXX  
CHARGE 566

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Received  
26 Aug 69

~~SECRET~~ 252100Z AUG 69 CITE [REDACTED] 5251.

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ATTN: J. BLEYWAER FROM R LUKNECHT  
SUBJECT: REPLY TO BLEYWAER TX [REDACTED] 2138 OF 8/19/69 ON PROGRAM  
FINANCIAL DATA

REFERENCE: BLEYWAER TX [REDACTED] 2138 OF 8/19/69  
THIS TX IS PROVIDED IN REPLY TO THE REFERENCE TX OF 19 AUGUST 1969  
QUESTIONING MOL PROGRAM FINANCIAL DATA RECENTLY PROVIDED TO YOU AS YOU  
MAY RECALL. STARTING LATE APRIL '69 AND EARLY MAY '69 A TOTAL REPLANNING  
OF THE [REDACTED] MOL PROGRAM WAS INITIATED IN AN ATTEMPT TO HOLD FY '69 AND  
'70 PROGRAM COSTS TO A MINIMUM BASED ON THE NEW AND MORE SEVERE FUNDING  
RESTRICTIONS. [REDACTED] MANAGEMENT, IN THE EARLY STAGES OF THIS REPLANNING  
AND IN AN EFFORT TO BE AS RESPONSIVE AS POSSIBLE TOWARD EASING THE FY '69  
FUNDING PROBLEM AND MOVE TOWARDS THE FY '70 LIMITATIONS, ESTABLISHED IN  
MAY '69 A \$110.6M FY '69 TARGET AND REFLECTED SUCH IN THE APRIL '69 CFR,  
SUBMITTED AND MAY [REDACTED] WOULD LIKE TO POINT OUT, HOWEVER, THAT THE CFR  
FORECAST FOR FY '69 IN THE PRECEDING ISSUE (SUBMITTED IN APRIL '69) RE-  
FLECTED \$112.0M, A TARGET WHICH WAS QUITE RESTRICTIVE IN VIEW OF THE

PAGE 2 [REDACTED] 5261 ~~SECRET~~

SCHEDULE AND FUNDING CONTEMPLATED FOR FY '69.  
THE PROJECTED SAVING OF FISCAL YEAR 1969 WAS NOT REALIZED DUE TO THE  
TIMING OF THE REPLANNING AND REACTION TIME. THIS, IN EFFECT, GENERATED  
A \$2.6M INCREASE OVER THE APRIL '69 CFR FORECAST FOR FY '69. IN FACT  
SEVERAL SUBCONTRACTORS DURING THE PERIOD OF MAY AND EARLY JUNE (PRIOR  
TO TERMINATION) HAD TO INITIATE SIGNIFICANT EFFORTS TO COMPLY WITH  
TECHNICAL REDIRECTION WHICH ACCOUNTS FOR 81.2% OF THE INCREASE. MOST  
SIGNIFICANT OF THE S/C'S WERE THE ALPHA, STARTRACKERS AND CITE SUB-  
CONTRACTORS.  
IT SHOULD ALSO BE NOTED THAT THE CALCULATIONS NOTED IN YOUR REFERENCE  
TX FAIL TO REFLECT THE HIGHER SHARE OF THE JUNE ESTIMATE IN THE FIRST  
10 DAYS OF JUNE SINCE THE EFFORT BEING MADE TO REDUCE MANPOWER TO PHASE  
INTO FY '70 WOULD PRIMARILY BE REFLECTED IN THE LATTER PART OF JUNE.  
IN SUMMARY, THE \$225.5M ESTIMATE PROVIDED TO THE TCO ON 1 AUGUST '69  
IS VALID AS OF THAT DATE. THIS IS SUBJECT TO CHANGE AS SUBCONTRACTOR/VENDOR  
BILLING IS RECEIVED AND EVALUATED.

~~SECRET~~

BT

~~SECRET~~

HANDLE VIA BYEMAN  
CONTROL SYSTEM ONLY

DORIAN

ENCLOSURE 4

On or about the 8th of August 1969, the following message was transmitted via telecon by General Bleymaier, Deputy Director, MOL SO, to Mr. Charles Able, McDonnell Douglas Corporation.

"I am particularly concerned with the termination costs for the MOL Program. These costs show a disturbing tendency to run somewhat higher than one would expect based upon the financial information you have supplied earlier in the program.

"In your 30 April 1969 Contract Financial Report, you forecast a position of 104.5M for the 10th of June. This is based upon your 30 May estimate plus a prorata share (1/3) of your June estimate. Your latest claim of 110.2M exceeds this figure by 5.7M.

"Please supply me not later than 22 August with an analysis of the cause of this variance."

MC DONNELL-DOUGLAS - EASTERN DIVISION

Enclosed is the analysis supplied by MDAC-ED. They increased their NCC by 5.4M between the April and July reports. This is composed of a 4.5M accounting rate adjustment and a .9M reevaluation of NCC.

This analysis does not include a forecast from the April report of the June position. If it had, the principal variance would have been the above. Other differences (such as actual expenditures) would have been minor.

The accounting adjustment made concerns the rate applied to the NCC to cover procurement expense and its profit. The realism of this claim has not been questioned or supported. It may prove a fruitful area for investigation and analysis by the TCO activity.

8-18-69

The primary difference between the April 18 CFR and that of the July 18 CFR are as follows:

1.	<u>April 18</u>	<u>July 18</u>
Uncancellable Commitments to Vendors	\$15,200,000	*** \$16,100,000
In-house Factor for Pro- curement OH, G&A & Profit	*(25%) <u>3,800,000</u>	** (50%) <u>8,300,000</u>
Total	\$19,000,000	\$24,404,000

- \* Based upon 1968 Actual Experience
- \*\* Forecast Based Upon 1969 Escalations
- \*\*\* Based Upon Better Visibility with Subcontractors  
and Vendors

2.	<u>April 18</u>	<u>July 18</u>
Expenditures	\$79,818,600	\$77,818,500

This difference of \$2,000,000 less expenditures on July 18 is based upon \$2M less actuals due to termination on June 10 vs. forecast to June 30 on April 18 CFR. In addition to this, profit decreased by approximately \$200,000 due to the \$2M less expenditures.

The above results in an explanation of the major differences between \$115,000,000 total liability and \$118,200,000, a difference of \$3,200,000.

Gemini B Data

	CFR Forecast Thru June 30 March 18	CFR Forecast Thru June 30 April 18	CFR Forecast Thru June 30 May 18	Telecon to SO June 11	CFR For Term. to SO on June 20 Thru June 10	TXW June 23	CFR For Term. to SO on July 1 Thru June 29
Authorized				--	Not furn. to AF	--	102,485,000
its Received				--	Not furn. to AF	--	81,879,816 (Not furn. to )
s Invoiced/ ed Govt.				--	<u>81,509,260</u>	--	<u>81,679,816</u>
itures	82,800,000	79,818,594	79,818,594	--	79,397,688 Est.	--	* 78,657,507
at 10.25%	8,700,000	8,181,406	8,181,406	--	8,138,263	--	7,976,463
ellable itments	17,500,000	19,000,000	19,000,000	--	Not furnished	--	24,404,382
al USAF ility	109,000,000	107,000,000	107,000,000	109 to 113M\$	Not furnished	110,200,000	111,038,352
l Termination	8,000,000	8,000,000	8,000,000	8,000,000	Not furnished	8,000,000	* 7,161,648 (After June 29
SAF ility	117,000,000	115,000,000	115,000,000	117 to 121M\$	Not furnished	118,200,000	118,200,000

Note: Through August 12 received \$85,039,483

\* Exp. has 839,000 includ



JOINT MESSAGEFORM

SL-4

SECURITY CLASSIFICATION

UNCLASSIFIED EFTO

TYPE MSG	BOOK	MULTI	SINGLE
		X	

PRECEDENCE

ACTION ROUTINE

INFO

DTG

190014Z AUG 69

FROM: MOL SYSTEMS OFFICE LOS ANGELES AFS CALIF.

SPECIAL INSTRUCTIONS

TO: MARTIN MARIETTA CORP DENVER COLO  
INFO APPRO MARTIN MARIETTA CORP DENVER COLO

cc: SL-8

UNCLAS EFTO SAFSL-4

FOR CMRVKA/L. V. MCCABE AND D. S. LEVINE

THIS MESSAGE IN THREE PARTS. PART I. I AM PARTICULARLY CONCERNED WITH THE TERMINATION COSTS FOR THE MOL PROGRAM. THESE COSTS SHOW A DISTURBING TENDANCY TO RUN SOMEWHAT HIGHER THAN ONE WOULD EXPECT BASED UPON THE FINANCIAL INFORMATION YOU HAVE SUPPLIED EARLIER IN THE PROGRAM.

PART II. IN YOUR 30 APRIL 1969 CONTRACT FINANCIAL REPORT YOU FORECAST A POSITION OF 98.0M FOR THE 10TH OF JUNE. THIS IS BASED UPON YOUR 30 MAY ESTIMATE PLUS A PRORATA SHARE (1/3) OF YOUR JUNE ESTIMATE. AFTER AN ALLOWANCE OF .1M FOR WORK CARRIED BEYOND 10 JUNE YOUR LATEST CLAIM OF 100.7M EXCEEDS THIS FIGURE BY 2.7M.

PART III. PLEASE SUPPLY ME NOT LATER THAN 22 AUGUST WITH AN ANALYSIS OF THE CAUSE OF THIS VARIANCE. SIGNED J. S. BLEYMAIER, MAJ GEN, USAF, DEPUTY DIRECTOR, MOL.

DATE	TIME
15/19	
MONTH	YEAR
AUG	1969
PAGE NO.	NO. OF PAGES
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TYPED NAME AND TITLE

PHONE

30352

VINCENT S. CAHILL, JR., Lt Col, USAF  
Director, Program Control

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SIGNATURE

TYPED (or stamped) NAME AND TITLE

J. S. BLEYMAIER, Maj Gen, USAF  
Deputy Director, MOL

SECURITY CLASSIFICATION

UNCLASSIFIED EFTO

REGRAIDING INSTRUCTIONS

MARTIN MARIETTA

The message attached itemizes the sources of variance as follows:

1. SO calculation from 30 Apr report	98.0
2. Accounting for differences:	
a. Adjustment for work days and accounting period	.5
b. G & A on inventory	.8
c. G & A on NCC	.5
d. Profit on G & A	.1
e. Cost overrun on E	.3
f. Overrun on NCC	<u>.5</u>
	2.7
3. Current Claim	101.7

The company seems to have made a reasonable representation of the sources of their variance. Aside from the TCO checking the accuracy of their statement on G & A charge procedures, there seems to be little to be gained from any further challenges at this time.

SL-7

AUG 22 10 10 '69

1975 AUG 22 04:10:19

ACTION SL-4  
Info SL-1

234-171

RTTUZYUW RUMJEOAC906 2341415-UUUU--RUMJEBH.

ZNR UUUUU

R 212150Z AUG 69

FM MARTIN MARITTA CORP DENVER COLO

TO RUMJERH/MOLSO LAAS CALIF

INFO ZEN/MAC LOSA CALIF

BT

UNCLAS REFER TO S-Y-33405 ATTN MOLSO SAFEL-1/MAJOR GENERAL J. S.

BLEYMAIER -- INFO MMC MR G DEHR

SUBJ: RECONCILIATION OF FINANCIAL FORECAST VARIANCES

REF: (A) SAFEL-4 MESSAGE R190014Z AUGUST 1969

1. AS REQUESTED IN REFERENCE (A) MESSAGE, WE ARE FURNISHING HERE- WITH AN ANALYSIS OF THE CAUSE OF THE VARIANCE BETWEEN OUR APRIL 1969 CONTRACT FINANCE REPORT AND OUR LATEST FORECASTED REQUIREMENTS.
2. OUR APRIL 1969 CONTRACT FORECAST REPORT SHOWS A FORECAST OF \$96.9 THROUGH THE MAY ACCOUNTING PERIOD (WHICH ENDED 27 MAY). OUR REPORT ALSO SHOWED \$3.3M FORECAST FOR JUNE PLUS A \$.2M "FORECAST NOT DEFINED" FOR MAY AND JUNE. SINCE OUR REPORT IS CALCULATED ON WORKDAYS IN THE ACCOUNTING PERIOD WHICH ENDS ON THE LAST SUNDAY OF THE MONTH, AN INTERPOLATION BASED ON AN ASSUMPTION OF UNIFORM DAILY EXPENDITURES WOULD RESULT IN AN ESTIMATE OF \$1.4M OF THE \$3.3M TO BE SPENT BY 10 JUNE AND

PAGE 2 RUMJEOAC906 UNCLAS

ABOUT \$.1M OF THE "FORECAST NOT DEFINED" COMMITTED BY THIS DATE. THIS BASED ON OUR APRIL CONTRACT FINANCIAL REPORT, IF THE ASSUMPTION WAS MADE THAT EXPENDITURES OCCURRED AT A UNIFORM DAILY RATE, OUR FORECAST SHOULD BE INTERPRETED TO SHOW A POSITION OF \$98.4M ON 10 JUNE (AS COMPARED WITH YOUR \$96.0 INTERPRETATION). AFTER MAKING AN ALLOWANCE OF \$.1M FOR WORK CARRIED BEYOND 10 JUNE, WE ARE PRESENTING BELOW AN ANALYSIS OF THE VARIANCE BETWEEN THE EARLIER \$98.5M FORECAST AND THE CURRENT \$100.7M FORECAST.

- A. G&A AGAINST THE TITAN IIIM INVENTORY IS NOT RECORDED UNTIL SUCH TIME AS THE ITEMS ARE WITHDRAWN FROM INVENTORY AND CHARGED TO THE DETAILS BEING FABRICATED. HENCE WE DID NOT INCLUDE THIS G&A IN OUR FORECAST UNTIL THE LATER TIME PERIOD WHERE WE EXPECTED WITHDRAWALS FROM INVENTORY AND THE RECORDING OF THE G&A. UPON TERMINATION, HOWEVER, THIS G&A MUST BE RECORDED AS AN EXPENDITURE. THE G&A ON INVENTORY AMOUNTED TO APPROXIMATELY \$.8M.
- B. IN LINE MANNER, G&A AGAINST UNCANCELABLE COMMITMENTS IS

44711

PAGE 3 PUNJECAC9005 UNCLAS

INVENTORY. HENCE, WE DID NOT INCLUDE THIS G&A IN OUR FORECAST UNTIL THE LATER TIME PERIOD WHERE WE EXPECTED IT TO BE RECORDED. UPON TERMINATION, THEREFORE, THIS, TOO, WAS ADDED TO OUR EXPENDITURES. THIS G&A AMOUNTED TO APPROXIMATELY \$.5M.

- C. PROFIT ON THE VARIANCES EXPLAINED IN PARAGRAPHS A AND B ABOVE AMOUNTS TO ABOUT \$.1M.
  - D. BASED ON ACCOUNTING RECORDS WE ACTUALLY RECORDED EXPENDITURES OF \$1.7M BETWEEN 27 MAY AND 10 JUNE, RATHER THAN THE \$1.4M AS WAS ASSUMED BASED ON THE PREMISE THAT EXPENDITURES WOULD OCCUR UNIFORMLY EACH DAY. THIS ACCOUNTS FOR AN ADDITIONAL \$.3M OF THE VARIANCE.
  - E. IN ADDITION TO THE ABOVE, OUR LATEST ANALYSIS OF OPEN PURCHASE ORDERS SHOWS \$3.9M UNCANCELABLE COMMITMENTS INSTEAD OF THE \$3.4M ESTIMATED FROM OUR APRIL REPORT. THIS REPRESENTS A VARIANCE OF AN ADDITIONAL \$.5M.
3. IN SUMMARY, BASED ON OUR APRIL REPORT, OUR FORECASTED POSITION WAS ESTIMATED TO BE \$98.5M. TODAY OUR POSITION IS \$100.7M. THIS REPRESENTS A VARIANCE OF \$2.2M WHICH OCCURRED AS FOLLOWS:

G&A AGAINST INVENTORY - .8

PAGE 4 PUNJECAC9006 UNCLAS

G&A AGAINST UNCANCELABLE COMMITMENTS	- .5
PROFIT ON THE ABOVE	- .1
ACTUAL VS. INTERPOLATED JUNE EXPENDITURES	- .3
INCREASE IN UNCANCELABLE COMMITMENT FORECAST	- .5
TOTAL	- 2.2

- 4. OUR REVIEW OF UNCANCELABLE COMMITMENTS IS PROGRESSING TO THE POINT WHERE WE WILL SOON BE ABLE TO DETERMINE IF WE CAN SETTLE WITH VENDORS FOR AN AMOUNT LESS THAN THE STATED BALANCE OF UNCANCELABLE COMMITMENTS. WE WILL ADVISE YOU OF OUR FINDINGS IN THE NEAR FUTURE.
- 5. AS REGARDS OVERALL FUNDING, WE HAVE MADE A SIGNIFICANT REDUCTION IN OUR FORECAST OF TOTAL FUNDING REQUIRED. OUR ESTIMATE OF TERMINATION COST IS ONLY \$3.5M AGAINST THE \$7.5M REFLECTED IN THE CONTRACT. ON 19 JUNE, WE FORECASTED A FUND REQUIREMENT OF \$105.4M. ON 16 JULY, WE REVISED THIS DOWNWARD TO \$104.2M. WE ARE CONTINUING TO ANALYZE OUR TOTAL REQUIREMENTS AND WILL TRY TO PROVIDE THE MOST REALISTIC POSSIBLE ASSESSMENT OF OVERALL FUND REQUIREMENTS.
- 6. QUESTIONS REGARDING THE ABOVE MATTER MAY BE REFERRED TO MR. JEREMIE U. LAFRANCE, EXTENSION 3655, MAIL NO. 5100.

SIGNED JEREMIE U. LAFRANCE 5100

BT  
#0906

SL-4

JOINT MESSAGEFORM

SECURITY CLASSIFICATION

CLASSIFIED EFTO

TYPE MSG

BOOK

MULTI

SINGLE

X

PRECEDENCE

ACTION

ROUTINE

INFO

DTG

190015Z AUG 69

FROM: MOL SYSTEMS OFFICE LOS ANGELES AFS CALIF

SPECIAL INSTRUCTIONS

TO: UNITED TECHNOLOGY CENTER SUNNYVALE CALIF  
INFO APPRO UNITED TECHNOLOGY CENTER SUNNYVALE  
CALIF

cc: SL-8

UNCLAS EFTO SAFSL-4

FOR C. KJELLAND AND B. ADELMAN

THIS MESSAGE IN THREE PARTS. PART I. I AM PARTICULARLY CONCERNED WITH THE TERMINATION COSTS FOR THE MOL PROGRAM. THESE COSTS SHOW A DISTURBING TENDANCY TO RUN SOMEWHAT HIGHER THAN ONE WOULD EXPECT BASED UPON THE FINANCIAL INFORMATION YOU HAVE SUPPLIED EARLIER IN THE PROGRAM.

PART II. IN YOUR 30 APRIL 1969 CONTRACT FINANCIAL REPORT YOU FORECAST A POSITION OF 52.7M FOR THE 10TH OF JUNE. THIS IS BASED UPON YOUR 30 MAY ESTIMATE PLUS A PRORATA SHARE (1/3) OF YOUR JUNE ESTIMATE. AFTER AN ALLOWANCE OF 1.1M FOR WORK CARRIED BEYOND 10 JUNE YOUR LATEST CLAIM OF 57.0M EXCEEDS THIS FIGURE BY 3.2M.

PART III. PLEASE SUPPLY ME NOT LATER THAN 22 AUGUST WITH AN ANALYSIS OF THE CAUSE OF THIS VARIANCE. SIGNED J. S. BLEYMAIER, MAJ GEN, USAF, DEPUTY DIRECTOR, MOL.

DATE	TIME
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PAGE NO.	NO. OF PAGES
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TYPED NAME AND TITLE

PHONE

30352

SIGNATURE

VINCENT S. CAHILL, JR., Lt Col, USAF  
Director, Program Control

TYPED (or stamped) NAME AND TITLE

J. S. BLEYMAIER, Maj Gen, USAF

Deputy Director, MOL

SECURITY CLASSIFICATION

REGRADE INSTRUCTIONS

SL-8

21 August 1969

Telephone Call from Eugene Roberts, UTC

General Bleymaier

1. Mr. Roberts called this morning in response to our TWX regarding increased termination cost estimate. He will call you tomorrow.

2. He briefly explained increase due to following:

a. Increase in profit over contract target that will be claimed for work accomplished.

b. \$1.6 million additional due to common Titan buy of materials and assemblies which were previously accounted for at point of useage, rather than upon receipt in plant.

3. Both reasons appear justified. The second explanation should have always been a part of their total liability in NCC.

FRED H. DIETRICH, Col, USAF  
Chief, Procurement and Production

Cys to: SL-4  
SL-8

ENCLOSURE 7

PAGE 2

NNNNRTTUZYVW RUWMANA9351 2382155-UUUU--RUWJEB.

ZNR UUUUU

R 262155Z AUG 69

FM UNITED TECHNOLOGY CENTER/SUNNYVALE CALIF

TO RUWJEB/NOL/SO/LOSA

1970 AUG 26 PM 3:42

ACTION SAFSL-1

BT  
UNCLAS OMRQ ATTN: SAFSL-4/GEN J S BLEYMAIER  
SUBJ: ESTIMATED MOL TERMINATION CLAIM  
REFERENCE: MOL/SO/TWX/SAFSL-4, 19 AUGUST 1969  
IN REPLY REFER TO: AD 970-69

IN REPLY TO THE REFERENCE TWX, THE FOLLOWING ANALYSIS CONFIRMS INFORMATION PROVIDED BY TELEPHONE BY MR E ROBERTS/UTC, ON 22 AUGUST. STARTING WITH AN AGREED-UPON BASELINE FIGURE OF \$53.6M THROUGH 10 JULY, PER PRIOR UTC CONTRACT FINANCIAL REPORTS AND YOUR ALLOCATIONS AS CONTAINED IN REFERENCE TWX, THE FOLLOWING ADDITIONS RESULT IN THE TOTAL ESTIMATED CLAIM OF \$57.0M:

SAFSL-4

- (A) \$1.7M ALLOCATION OF UTC'S IN-HOUSE MANUFACTURING INVENTORY COSTS. THESE COSTS, REPRESENTING THE TIIM PORTION OF IN-HOUSE MANUFACTURING COSTS FOR EMV, D-BOXES AND ATTACH STRUCTURES, HAD NOT YET BEEN CHARGED TO THE TIIM PROGRAM OR SHOWN ON THE CONTRACT FINANCIAL REPORT.
- (B) \$1.5M OF ADDITIONAL PROFIT, BASED ON UTC'S ESTIMATE OF FEE PAYABLE BASED ON WORK COMPLETED.

EARNET R ADELMAN  
DIVISION PRESIDENT  
BT  
#9351

50466

NNNN

270-206

AUG 25 6 59 '69

1969 AUG 20 AM 8:33

RITUZYVW RUMIANAS374 2401630-UUUU--RUWJEB.

ACTION SAFSL-4

ZNR UUUU

R 281530Z AUG 69

FM AFRO/UTC SUNNYVALE CALIF

TO RUWJEB/MCL SO/LOSA

BT

UNCLAS CIRC AUG 69. FOR MCL SO (SAFSL-4). SIGJ: ESTIMATED MCL TERM-  
INATION CLAIM (YR TWX DTD 19 AUG 69). REFERENCE UTC TWX AD 970-69  
DATED 25 AUGUST 1969. I CONCUR WITH THE STATEMENT CONTAINED IN SUBPARA-  
GRAPH (A) OF REFERENCE TWX. NO COMMENT IS OFFERED WITH REGARD TO SUB-  
PARAGRAPH (B) AT THIS TIME INASMUCH AS PROFIT IS AN EXTREMELY NEGOTI-  
ABLE ITEM. SIGNED CHARLES A KJELLAND, TERMINATION CONTRACTING OFFICER.

BT

#9374

50815



~~SECRET~~ DORIAN

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PART VI

OFFICIAL FINANCIAL HISTORY

SECTION C

COMPLETE TERMINATION AND FUNDS FOR  
LIMITATION OF GOVERNMENT OBLIGATIONS (LOGO)

AS OF 31 AUGUST 1969

~~SECRET~~ DORIAN

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I. INTRODUCTION AND EXPLANATION OF ENCLOSURES	57

ENCLOSURES

	No. of Pages
1. CONTRACT FINANCIAL STATUS	2
2. TERMINATION STATUS AND FUND REQUIREMENTS	3
3. CORRELATES TOTAL FUNDS TO MOL FUNDS	4

~~SECRET~~ DORIAN

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I. INTRODUCTION AND EXPLANATION OF ENCLOSURES

Section C portrays the MOL post termination financial status as of 31 August 1969. It should be noted that although the second increment of post termination funds are shown in these reports the funds were not contractually implemented until 4 October 1969. Enclosure 1 shows total contract funds and forecasts of total Government liability. It is noted in those instances where non-MOL funds are included in totals. Enclosure 2 shows the total MOL funding and MOL requirements for LOGO and STC as of 31 August 1969. Enclosure 3 provides an explanation of those additions and subtractions that are necessary to equate Enclosure 1 to Enclosure 2.

~~SECRET~~ DORIAN

CONTRACT FINANCIAL STATUS  
AS OF 31 AUGUST 1969

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	MMC	ACE	AGC	UTC	MDAC-WD(A)	MDAC-WD(B)
A. Govt Liab 10 Jun (E-F+NCC)	\$100,661,200	\$19,533,410	\$42,041,000	\$55,900,000	\$431,089,000	\$10,359,000
B. Work not Term 10 Jun	65,800	20,000	555,000	1,100,000	300,000	-
C. STC	3,500,000	123,000	400,000 <sup>5</sup>	900,000 <sup>6</sup>	12,850,000	214,000 <sup>4</sup>
D. Total Req to Term MOL (A+B+C)	104,227,000	19,676,410	42,996,000	57,900,000	444,239,000	10,573,000
E. Fund on Contr 10 Jun	96,365,561 <sup>1</sup>	19,496,877 <sup>1</sup>	40,975,750 <sup>1</sup>	48,298,840 <sup>1</sup>	398,550,000	9,975,000
F. Est Req for Prog Term (D-E)	7,861,439	179,533	2,020,250	9,601,160	45,689,000	598,000
G. Funding 10 Jun to Date	1,600,000	56,747	600,000	2,500,000	35,000,000	146,000
H. Remaining to be Funded F-G)	6,261,439	*122,786 (ACED shows 133K)	1,420,250	7,101,160	10,689,000	452,000

	H <sub>1</sub> Logo	22 May	16 Jun	10 Jul	1 Jun	24 Jun	30 Jun
	2,761,439	(214) <sup>3</sup>	1,020,250 <sup>2</sup>	6,201,160	(2,161,000) <sup>3</sup>	384,000 <sup>2</sup>	
H <sub>2</sub> STC	3,500,000	123,000	400,000 <sup>5</sup>	900,000 <sup>6</sup>	12,850,000	68,000	

- Incl Non-MOL Funds 19,483,561 2,928,624 16,025,750 5,938,840 Includes target profit @ 9.5%
- Contractor's request; however, contract fully funded under LOGO
- Contract overfunded on LOGO; excess funds will be applied to STC
- 214K represents contractor's forecasted requirement vs contract limitation of 184K.
- 400K represents contractor's forecasted requirement vs contract limitation of 950K.
- 900K represents contractor's forecasted requirement vs contract limitation of 950K.

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~~SECRET~~ DORIAN

ENCLOSURE 1  
PAGE 1

~~SECRET~~ DORIAN

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	GE(A)	GE(B)	EK	TRW(A)	TRW(B)	MDAC-ED	TOTALS
Lab 10 Jun	\$101,345,000	\$129,041,000	\$310,530,000	\$1,400,000	\$1,510,300	\$110,200,000	\$1,313,609,910
Lab 10 Jun	-	717,000	3,700,000	-	-	-	6,457,800
Req to Term MOL	5,100,000	5,700,000	10,421,000	-	-	8,000,000	47,208,000
on Contr 10 Jun	106,445,000	135,458,000	324,651,000	1,400,000	1,510,300	118,200,000	1,367,275,710
Req for Prog Term	91,379,000	123,126,000	305,517,000 <sup>1</sup>	1,400,000	1,510,300	97,985,000	1,234,579,328
Req 10 Jun to date	15,066,000	12,332,000	19,134,000	-	-	20,215,000	132,696,382
Req 10 Jun to date	5,900,000	5,300,000	10,860,000	-	-	4,500,000	66,462,747
Req 10 Jun to date	9,166,000	7,032,000	8,274,000	-	-	15,715,000	66,233,635

Lab 10 Jun	4,066,000	1,332,000	1,681,000 <sup>2</sup>	-	-	7,715,000	22,999,635
Lab 10 Jun	5,100,000	5,700,000	6,593,000	-	-	8,000,000	43,234,000

on-Mol Funds  
Director's request; however, contract fully funded under LOGO

Includes target  
profit @ 10.25%

Hamilton Standard states costs incurred 10 Jun until Term \$208,000

HANDLE VIA BYEMAN  
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~~SECRET~~ DORIAN

ENCLOSURE 1  
PAGE 2

~~SECRET~~ DORIAN

31 AUGUST 1969

HANDLE VIA BYEMAN  
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FUND REQUIREMENTS #2

CONTRACTOR	ESID RQMT FOR TERM	1ST INCR FUNDED TO DATE FY 70 \$	REM TO BE FUNDED	FUNDED 2nd INC FY 70 \$	REM TO BE FUNDED	REM UNDER		REM UNDER STC
						LOGO	STC	
MDAC-WD	45.689	35.000	10.689	0	10.689	(2.161)	12.850	
	.598	.146	.452	0	.452	.384	.068	
	<u>46.287</u>	<u>35.146</u>	<u>11.141</u>	0	<u>11.141</u>	<u>(1.777)</u>	<u>12.918</u>	
GE	15.066	5.900	9.166	4.066	5.100	0	5.100	
	12.332	5.300	7.032	1.332	5.700	0	5.700	
	<u>27.398</u>	<u>11.200</u>	<u>16.198</u>	<u>5.398</u>	<u>10.800</u>	0	<u>10.800</u>	
EKC	19.134	10.860	8.274	0	8.274	1.681	6.593	
MDAC-ED	20.215	4.500	15.715	7.715	8.000	0	8.000	
MMC	6.862	.600	6.262	2.762	3.500	0	3.500	
ACED	.123	0	.123	0	.123	0	.123	
AGC	2.020	.600	1.420	0	1.420	1.020	.400	
UTIC	9.601	2.500	7.101	6.201	.900	0	.900	
MISC	<u>(.652)</u>	<u>(.406)</u>	<u>(.246)</u>	<u>2.924</u>	<u>(3.170)</u>	<u>(3.170)</u>	0	
TOTAL	130.988	65.000	65.988	25.000	40.988	(2.246)	43.234	

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~~SECRET~~ DORIAN

~~SECRET~~ DORIAN

31 AUGUST 1969  
FUND REQUIREMENTS #1

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CONTRACTOR	GOVT LAB WORK NOT TO JUNE TERM		SIC	TOTAL RQMT FUNDS ON ESTD RQMT TO TERM CONTRACT FOR		TERM
	E-F+NCC	10 JUN		FGM	10 JUN	
NDAC-WC	W	431.089	12.850	444.239	398.550	45.689
	B	10.359	.214	10.573	9.975	.598
	T	<u>441.448</u>	<u>13.064</u>	<u>454.812</u>	<u>408.525</u>	<u>46.287</u>
GE	W	101.345	5.100	106.445	91.379	15.066
	B	129.041	5.700	135.458	123.126	12.332
	T	<u>230.386</u>	<u>10.800</u>	<u>241.903</u>	<u>214.505</u>	<u>27.398</u>
EKC		287.910	10.421	302.031	282.897	19.134
NDAC-ED		110.200	8.090	118.200	97.985	20.215
MWC		81.178	3.500	84.744	77.882	6.862
ACED		16.605	.123	16.748	16.625	.123
AGC		26.015	.400	26.970	24.950	2.020
UTC		49.961	.900	51.961	42.360	9.601
MISC		<u>70.556</u>	<u>0</u>	<u>71.606</u>	<u>72.258</u>	<u>(.652)</u>
TOTAL		1314.259	47.208	1368.975	1237.987	130.988

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CONTRACTOR FINANCIAL SITUATION (AT TERMINATION LESS WORK AFTER 10 JUNE)

CONTRACTOR	E+F	NCC	10 JUNE GOVT LIAB	CUM FY 69 FUNDING
MDAC-WD	393.709	37.380	431.089	398.550
	10.168	.191	10.359	9.975
	403.877	37.571	441.448	408.525
GE	94.865	6.480	101.345	91.379
	123.932	5.109	129.041	123.126
	218.797	11.589	230.386	214.505
EKC	267.940	19.970	287.910	282.897
MDAC-ED	85.796	24.404	110.200	97.985
MMC	77.251	3.927	81.178	77.882
ACED	13.718	2.887	16.605	16.625
AGC	24.747	1.268	26.015	24.950
UTC	42.461	7.500	49.961	42.360
MISC	70.256	.300	70.556	72.258
TOTAL	1,204.843	109.416	1,314.259	1,237.987

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WORK NOT TERMINATED 10 JUNE

Work Not Terminated 10 June	<u>\$6,457,800</u>
Plus:	
Miscellaneous Not Terminated	<u>1,050,000</u>
Total MOL Work Not Terminated 10 June	<u>\$7,507,800</u>

SPECIAL TERMINATION COSTS

\$47,208,000

TOTAL REQUIREMENT TO TERMINATE MOL

Contract Financial Status A/O 31 August	<u>\$1,367,275,710</u>
Less:	
MMC 19,483,561 (Constant)	
ACED 2,928,624 (Constant)	
AGC 16,025,750 (Constant)	
UTC 5,938,840 (Constant)	
EK 22,620,000 (Constant)	
TRW(A) 1,400,000 (Miscellaneous)	
TRW(B) 1,510,300 (Miscellaneous)	
Total All Deductions	<u>\$ 69,907,075</u>
Sub Total	\$1,297,368,635
Plus:	
Miscellaneous ( E + F + NCC 10 June) MOL Only	70,556,000
Miscellaneous (Not Term. 10 June) MOL Only	<u>1,050,000</u>
Total Requirement To Terminate MOL	<u>\$1,368,974,635</u>

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FUNDS ON CONTRACT 10 JUNE

Funds On Contract 10 June \$1,234,579,328

Less:

MMC 19,483,561 (Constant)  
ACED 2,928,624 (Constant)  
AGC 16,025,750 (Constant)  
UTC 5,938,840 (Constant)  
EK 22,620,000 (Constant)  
TRW(A) 1,400,000 (Miscellaneous)  
TRW(B) 1,510,300 (Miscellaneous)

Total All Deductions 69,907,075

Sub Total \$1,164,672,253

Plus:

Miscellaneous (Total MOL Only) 72,258,000

MMC (Funded Between 10 - 30 June) 1,000,000

ACED (Funded Between 10 - 30 June) 56,747  
Constant Recognized in \$2,928,624)

Funds on Contract 10 June \$1,237,987,000

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FUNDING 10 JUNE TO DATE

Funding 10 June To Date \$66,462,747

Less:

MMC 1,000,000 (Recognized Prior 10 June)  
ACED 56,747 (Recognized Prior 10 June)  
Misc 406,000 (Reduced From Total MOL Misc)

Total Deductions 1,462,747

Funding 10 June To Date \$65,000,000

REMAINING TO BE FUNDED

Remaining To Be Funded \$66,233,635

Less:

Miscellaneous 246,000

Remaining To Be Funded \$65,987,635

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LIABILITY 10 JUNE (E + F + NCC)

Contract Financial Status as of 31 August 1969

Liability 10 June (E + F + NCC) \$1,313,609,910

Less:

MMC 19,483,561 (Constant)  
ACED 2,928,624 (Constant)  
AGC 16,025,750 (Constant)  
UTC 5,938,840 (Constant)  
EK 22,620,000 (Constant)  
TRW (A) 1,400,000 (Miscellaneous)  
TRW (B) 1,510,300 (Miscellaneous)

Total All Deductions \$ 69,907,075

Sub Total \$1,243,702,835

Plus:

Miscellaneous (Total MOL Only) \$ 70,556,000

Liability 10 June (E + F + NCC) ALL MOL \$1,314,258,835

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PART VI

OFFICIAL FINANCIAL HISTORY

SECTION D-1

FINAL TERMINATION

30 SEPTEMBER 1969

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I. INTRODUCTION AND EXPLANATION OF ENCLOSURES	60

ENCLOSURES

	No. of Pages
1. Total Status as of 31 September 1969	5
2. Liquidation and Expenditure Schedules	12

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I - INTRODUCTION AND EXPLANATION OF ENCLOSURES

During the post termination phase, the MOL SO has considered the LOGO and STC Clauses as authorities to obligate monies. We have also considered from a SO standpoint that the total Government obligation prior to final settlement would not exceed the sum of "LOGO" and "STC." When MOL was completely terminated, the primary concern was to have each Contractor's "LOGO" funded to his forecast as of the date of termination, Enclosure 1. This has been accomplished.

The next task was to examine the Contractor's liquidation and expenditure schedules in order that the Government would get maximum utilization of the remaining \$35M of the \$125M, initially established against the FY 70 MOL Budget line. 2. After examining the contractor's liquidation and expenditure schedules a few things are apparent. The Contractors' noncancellable commitments, NCC, were not being liquidated at the rate he initially forecast and STC expenditures were also lagging his previous forecasts. Since it has been determined that the MOL contract clauses allow any excess LOGO funds to be applied to STC, it becomes very important to validate the accuracy of Contractors' LOGO and STC forecasts before applying additional STC monies. Because of this the SO in conjunction with Contract Management Division, CMD, will visit certain key contractor facilities and make an on-the-spot evaluation prior to obligating any further funds. The SO will, as a result of these visits, submit a contract by contract analysis and forecast, Part VI-D-2, of what the SO estimates the Total Government liability to be prior to final negotiations.

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CONTRACT FINANCIAL STATUS  
AS OF 30 SEPT 1969  
31 OCT 1969

	MM	ACE	AGC	UTC	MDAC-WD(A)	MCAD-WD(B)
A. Govt Liab 10 Jun (E+F+NCC)		\$19,533,410	\$42,041,000	\$55,900,000	\$428,461,000	\$10,333,000
B. Work not Term 10 Jun	65,800	20,000	555,000	1,100,000	300,000	--
C. STC	<sup>(S)</sup> 2,500,000 3,500,000	123,000 (4)	400,000 <sup>5</sup>	900,000 <sup>6</sup>	12,508,000 <sup>10</sup>	190,000 <sup>7</sup>
D. Total Req to Term MOL (A+B+C)	103,327,000 104,227,000	19,676,410	42,996,000	57,900,000	441,269,000	10,523,000
E. Fund on Contr 10 Jun	96,365,561 <sup>1</sup>	19,496,877 <sup>1</sup>	40,975,750 <sup>1</sup>	48,298,840 <sup>1</sup>	398,550,000	9,975,000
F. Est Req for Prog Term (D-E)	6,861,439 7,861,439	179,533	2,020,250	9,601,160	42,719,000	548,000
G. Funding 10 Jun to Date	4,361,439 1,600,000	56,747	600,000	2,500,000 <sup>8 701,160</sup>	35,000,000	146,000
H. Remaining to be Funded (F-G)	2,500,000 6,261,439	122,786	1,420,250	7,101,160 <sup>900K</sup>	7,719,000	402,000

H <sub>1</sub> LOGO	Fund Runout Date	22 May	16 Jun	10 Jul	24 Jun	30 Jun
		2,761,439	(214) <sup>9</sup>	1,020,250 <sup>2</sup>	6,201,160	(4,789,000) <sup>3</sup>
		2,570,000	3,500,000	123,000	400,000 <sup>4</sup>	900,000 <sup>8</sup>

- 1 Incl Non-MOL Funds 19,483,561
- 2 Contractor's request; however, contract fully funded under LOGO.
- 3 Contract overfunded on LOGO; excess funds will be applied to STC
- 4 190K represents contractor's forecasted requirement vs contract limitation of 184K
- 5 400K represents contractor's forecasted requirement vs contract limitation of 950K
- 6 900K represents contractor's forecasted requirement vs contract limitation of 950K
- 4 193K " " " " " 200K
- 8 2.5 mil " " " 7.5 mil

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ENCLOSURE 1  
PAGE 1

Includes target PROFIT @ 9.5%  
Includes

10.5M/21%



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	GE(A)	GE(B)	EK	TRW(A)	TRW(B)	MDAC-ED	TOTALS
A Govt Lieb 10 Jun (E+F+NCC)	\$101,345,000	\$129,041,000	\$310,530,000	\$1,400,000	\$1,510,300	\$110,200,000	\$1,310,955,910 1,000,499,910
B Work Not Term 10Jun	-	717,000	3,700,000	-	-	-	3,707,800
C STC	5,100,000	5,700,000	10,421,000	-	-	8,000,000	6,457,800 33,526,000
D Total Req to Term (A+B+C)	\$106,445,000	135,458,000	324,651,000	1,400,000	1,510,300	118,200,000	1,036,803,710
E Funds on Contr 10Jun	91,379,000	123,126,000	305,517,000	1,400,000	1,510,300	97,985,000	1,234,579,328 929,062,828
F Est Req for ProgTerm (D-C)	15,066,000	12,332,000	19,134,000	-	-	20,215,000	129,676,382 107,741,382
G Funding 10Jun to Date	5,900,000	5,300,000	10,860,000	-	-	4,500,000	77,678,346 72,215,000
H Remaining to be Funded (F-G)	9,166,000	7,032,000	8,274,000	-	-	15,715,000	66,462,747 30,063,636

H1 Logo	4,066,000	1,332,000	1,681,000 <sup>2</sup>	-	-	7,715,000	13,336,164
H2 Fund Runout Date	10 Jun	30 Jun	30 Jun	30 Jun	30 Jun	8 May	20,345,635
H3 STC	5,100,000	5,700,000	6,593,000	-	-	8,000,000	33,400,000

Incl Non-MOL Funds  
Contractor's request; however, contract fully funded under LOGO  
Includes target profit @ 10.25%

[Hamilton Standard states costs incurred 10 Jun until Term \$208,000]

9. no v l v log; excess v l v STC.  
10. 19.508M v more by 2000 300K (f - 0.1) logs.  
11. 6.125M v more by 2000 300K (f - 0.1) logs.

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CONTRACTOR FINANCIAL SITUATION (AT TERMINATION LESS WORK AFTER 30 SEPT)

CONTRACTOR	E+F	NCC	10 JUNE GOVT LIAB	CUM FY 69 FUNDING
MDAC-WD	W	34,752	428,461	398,550
	B	.178	10,340	9,975
	T	<u>34,930</u>	<u>438,801</u>	<u>408,525</u>
GE	W	11,567	101,345	91,379
	B	6,235	129,041	123,126
	T	<u>17,802</u>	<u>230,386</u>	<u>214,505</u>
EKC	267,940	19,970	287,910	282,897
MDAC-ED	85,796	24,404	110,200	97,985
MMC	77,251	3,927	81,178	77,882
ACED	13,676	2,929	16,605	16,625
AGC	24,747	1,268	26,015	24,950
UTC	42,461	7,500	49,961	42,360
MISC	<u>70,256</u>	<u>.300</u>	<u>70,556</u>	<u>72,258</u>
TOTAL	1,198,582	113,030	1,311,612	1,237,987

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ENCLOSURE 1  
PAGE 3

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30 SEPTEMBER 1969

FUND REQUIREMENTS #1

CONTRACTOR	GOVT LIAB WORK NOT 10 JUNE TERM		STC	TOTAL RQMT FUNDS ON ESTD RQMT TO TERM CONTRACT FOR	
	E+F+NCC	10 JUN		FGM	10 JUN TERM
MDAC	W	428.461	12.508	441.269	42.719
	B	10.340	.190	10.530	.555
	T	<u>438.801</u>	<u>12.698</u>	<u>451.799</u>	<u>43.274</u>
GE	W	101.345	5.100	106.445	15.066
	B	129.041	5.700	135.458	12.332
	T	<u>230.386</u>	<u>10.800</u>	<u>241.903</u>	<u>27.398</u>
EKC		287.910	10.421	302.031	19.134
MDAC-ED		110.200	8.000	118.200	20.215
MMC		81.178	3.500	84.744	6.862
ACED		16.605	.020	16.748	.123
AGC		26.015	.555	26.970	2.020
UTC		49.961	1.100	51.961	9.601
MISC		<u>70.556</u>	--	<u>71.606</u>	<u>(.652)</u>
TOTAL		1,311.612	7.508	46.842 1,365.962	1,237.987 127.975

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ENCLOSURE 1  
PAGE 4

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30 SEPTEMBER 1969

FUND REQUIREMENTS #2

CONTRACTOR	ESTD RQMT FOR TERM	1ST INCR FUNDED TO DATE FY 70 \$	REM TO RE FUNDED	FUNDED 2ND INCR FY 70 \$	REM TO BE FUNDED	REM UNDER LOGO	REM UNDER SITC
MDAC-WD	W	42.719	7.719	-	7.719	(4.789)	12.508
	B	.555	.409	-	.365	.365	.044
	T	43.274	8.128	-	8.128	(4.424)	12.552
GE	W	15.066	9.166	4.066	5.100	-	5.100
	B	12.332	7.032	1.332	5.700	-	5.700
	T	27.398	16.198	5.398	10.800	-	10.800
EKC		19.134	8.274	-	8.274	1.681	6.593
MDAC-ED		20.215	15.715	7.715	8.000	-	8.000
MMC		6.862	6.262	2.762	3.500	-	3.500
ACED		.123	.123	-	.123	-	.123
AGC		2.020	1.420	-	1.420	1.020	.400
UTC		9.601	7.101	6.201	.900	-	.900
MISC		(.652)	(.246)	2.924	(3.170)	(3.170)	-
TOTAL		127.975	62.975	25.000	37.975	(4.893)	42.868

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ENCLOSURE 1  
PAGE 6

LOGO K 1,324.013  
STC 3.974  
TOTAL K 1,327.987

LOGO K 1,386.116  
STC 46.842  
TOTAL K 1,365.962

LOGO K 66.996  
STC 3.974  
TOTAL K 70.970

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LOGO K 1,324.013  
STC 3.974  
TOTAL K 1,327.987

LOGO K 1,391.009  
STC 3.974  
TOTAL K 1,327.987

LOGO K 66.996  
STC 3.974  
TOTAL K 70.970

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
E + F	1,206.090 1,273.086	--	--	--	--	--	--	--	--	--	1,206.090 1,273.086
NCC	14.644	6.143	12.387	10.494	9.261	11.492	30.656	13.782	4.171	--	113.030
STC	8.694	7.142	3.125	4.296	3.214	3.172	9.914	5.432	1.853	--	46.842
TOTAL	1,229,428 1,296,424	13.285	15.512	14.790	12.475	14.664	40.570	19.214	6.024	--	1,365.962 1,432.958
TURDED TO DATE	1,302.987 1,369.983	-0-	25.000								1,327.987 1,394.983
UNDS IN EXCESS	73.559	60.274	69.762	54.972	42.497	27.833	(12.737)	(31.951)	(37.975)		(37.975)

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ENCLOSURE 2  
PAGE 1

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LOGO K 433.550 428.761

LOGO K -0- 12.508

LOGO K 433.550 441.269

S OF 30 SEP

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
E + F	394.009	--	--	--	--	--	--	--	--	--	394.009
KCC	4.369	.708	.393	.876	2.290	4.680	17.263	4.173	--	--	34.752
STC	5.316	1.044	.367	.397	.200	.500	3.434	1.000	.250	--	12.508
TOTAL	403.694	1.752	.760	1.273	2.490	5.180	20.697	5.173	.250	--	441.269
FUNDED NO DATE	433.550	-0-	-0-								433.550
UNDS IN EXCESS	29.856	28.104	27.344	26.071	23.581	18.401	(2.296)	(7.469)	(7.719)		(7.719)

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FORWARDED

LOGO

K

K -0-

DORIAN

30 SEP

STC

9.975

.146

TOTAL

K

10.121

FORWARDED

..ANC -- JTA

MAN

LOGO

K CONTROL SYSTEM ONLY

10.340

STC

.190

TOTAL

K

10.530

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
1 + F	10.162	--	--	--	--	--	--	--	--	--	10.162
ICC	.133	.044	.001	--	--	--	--	--	--	--	.178
ITC	.106	.032	.020	.015	.015	.002	--	--	--	--	.190
TOTAL	10.401	.076	.021	.015	.015	.002	--	--	--	--	10.530
UNDELETED DATE	10.121	-0-	-0-								10.121
UNDELETED EXCESS	(.280)	(.356)	(.377)	(.392)	(.407)	(.409)	(.409)	(.409)	(.409)		(.409)

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LOGO K LOGO K  
 STC 101.345 STC 101.345  
 TOTAL K TOTAL K  
-0- 5.100  
101.345 106.445

OF 30 SEP

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
RF	89.778	--	--	--	--	--	--	--	--	--	89.778
	--	--	5.298	.089	.200	1.400	2.300	1.000	1.280	--	11.567
	--	1.370	1.000	.900	.500	.300	.700	.200	.130		5.100
VAL	89.778	1.370	6.298	.989	.700	1.700	3.000	1.200	1.410	--	106.445
DED DATE	97.279	-0-	4.066								101.345
DS EXCESS	7.501	6.131	3.899	2.910	2.210	.510	(2.490)	(3.690)	(5.100)		(5.100)



NRO APPROVED FOR  
RELEASE 1 JULY 2013

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F 3D

LOGO K  
**DORIAN**

FOR IT

LOGO K

NDI

CONTROL SYSTEM ONLY  
129.758

AV

A B

K -0-

OF 30 SEP

S/C

129.758

S/C

5.700

TOTAL K

TOTAL K

129.758

135.458

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
+ F	123.523	--	--	--	--	--	--	--	--	--	123.523
OC	--	--	1.857	.308	.100	.200	1.300	1.500	.970	--	6.235
DC	--	2.700	.400	.450	.300	.300	.800	.500	.250	--	5.700
TOTAL	123.523	2.700	2.257	.758	.400	.500	2.100	2.000	1.220	--	135.458
ENDED DATE	128.426	-0-	1.332								129.758
NDS EXCESS	4.903	2.203	1.278	.520	.120	(.380)	(2.480)	(4.480)	(5.700)		(5.700)

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ENCLOSURE 2  
PAGE 5

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LOGO DORIAN  
K 289.929  
312.549  
STC 3.828  
TOTAL K 293.757  
316.377

LOGO  
STC 10.421  
TOTAL K 302.031  
314.230  
324.651

K 22.620

AS OF 31 JULY

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
E + F	271.640 294.260	--	--	--	--	--	--	--	--	--	271.640 294.260
NCC	7.708	2.934	2.761	2.000	1.467	1.000	-0-	2.100	--	--	19.970
STC	1.495	1.093	.926	.797	.796	.796	2.300	2.218	--	--	10.421
TOTAL	280.843 303.463	4.027	3.687	2.797	2.263	1.796	2.300	4.318	--	--	302.031 324.651
FUNDED TO DATE	293.757 316.377										293.757 316.377
FURDS IN EXCESS	12.914	8.887	5.200	2.403	.140	(1.656)	(3.956)	(8.274)	(8.274)		(8.274)

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AS OF	30 SEP	K	-0-	LOGO	K	110.200
				LOGO	K	110.200
				STC	-0-	8.000
				TOTAL	K	118.200

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
E + F	85.796	--	--	--	--	--	--	--	--	--	85.796
MCC	.150	.760	.237	6.436	4.252	2.294	3.638	5.009	1.628	--	24.404
STC	1.238	.341	.157	1.210	.916	.495	1.445	.980	1.218	--	8.000
TOTAL	87.184	1.101	.394	7.646	5.168	2.789	5.083	5.989	2.846	--	118.200
FUNDED TO DATE	102.485	-0-	7.715								110.200
FUNDS IN EXCESS	15.301	14.200	21.521	13.875	8.707	5.918	.835	(5.154)	(8.000)		(8.000)

NRO APPROVED FOR  
RELEASE 1 JULY 2015

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FORI T

LOGO K 81.244

LOGO K 81.244

K 19.483

100.727

OF 30 SEP

SVC -0-

SVC 3.500

TOTAL K 81.244

TOTAL K 84.744

100.727

104.227

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
+ F	77.317 96.800	--	--	--	--	--	--	--	--	--	77.317 96.800
C	.256	.032	.039	.157	.324	1.190	1.929	--	--	--	3.927
C	.367	.172	.126	.393	.428	.633	1.020	.361	--	--	3.500
TAL	77.940 97.423	.204	.165	.550	.752	1.823	2.949	.361	--	--	84.744 104.227
DED DATE	78.842 97.965	-0-	2.762								81.244 100.727
IDS EXCESS	.542	.338	2.935	2.385	1.633	(.190)	(3.139)	(3.500)	(3.500)		(3.500)

FUND

FOR

BT

LOGO K 16.625 K 16.625  
 LOGO K 19.553 K 19.553  
 STC -0- STC .123  
 TOTAL K 16.625 K 16.748  
 TOTAL K 19.553 K 19.676

K 2.928

S OF 30 SEP

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
E + F	13.696 16.624	--	--	--	--	--	--	--	--	--	13.696 16.624
VCC	--	--	--	--	--	--	2.636	--	-293	--	2.929
STC	.002	.033	.020	.014	.013	.013	.015	.008	-005		.123
TOTAL	13.698 16.626	.033	.020	.014	.013	.013	2.651	.008	-298	--	16.748 19.676
UNDED O DATE	16.625 19.553	-0-	-0-								16.625 19.553
FUNDS IN EXCESS	2.927	2.894	2.874	2.860	2.847	2.834	.183	.175	(-123)		(.123)

1 ED

FOI ST

LOGO	K	25.550	LOGO	K	26.570
		41.576			42.596
STC		-0-	STC		.400
TOTAL	K	25.550	TOTAL	K	26.970
		41.576			42.996

K 16.026

AS OF 30 SEP

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
E + F	25.302 41.328	--	--	--	--	--	--	--	--	--	25.302 41.328
NCC	.128	.065	.201	.128	.128	.128	.490	--	--	--	1.268
STC	.070	.057	.009	.020	.046	.033	.100	.065	--	--	.400
TOTAL	25.500 41.526	.122	.210	.148	.174	.161	.590	.065	--	--	26.970 42.996
FUNDED TO DATE	25.550 41.576	-0-	-0-								25.550 41.576
FUNDS IN EXCESS	.050	(.072)	(.282)	(.430)	(.604)	(.765)	(1.355)	(1.420)	(1.420)		(1.420)

NRO APPROVED FOR  
RELEASE 1 JULY 2015

FUND

FOR

BT

LOGO K 51.061

LOGO K 51.061

K 5.939

57.000

3 OF 30 SEP

STC -0-

STC .900

TOTAL K 51.061

TOTAL K 51.961

57.000

57.000

	CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
+ F	43.561	--	--	--	--	--	--	--	--	--	43.561
CC	1.600	1.600	1.600	.500	.500	.600	1.100	--	--	--	7.500
PC	.100	.300	.100	.100	-0-	.100	.100	.100	--	--	.900
TOTAL	45.261	1.900	1.700	.600	.500	.700	1.200	.100	--	--	51.961
ENDED DATE	44.860 50.799	-0-	6.201								51.061 57.000
BUDG EXCESS	(.401)	(2.301)	2.200	1.600	1.100	.400	(.800)	(.900)	(.900)		(.900)

MT  
 INFO APPROVED FOR  
 RELEASE 1 JULY 2015

F  
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FOR  
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K -0-

LOGO K  
 74.776  
 STC -0-  
 TOTAL K  
 74.776

LOGO K  
 71.606  
 STC -0-  
 TOTAL K  
 71.606

CUM JULY	AUG	SEPT	OCT	NOV	DEC	3RD QT	4TH QT	FY 71	FY 72	TOTAL
71.306	--	--	--	--	--	--	--	--	--	71.306
.300	--	--	--	--	--	--	--	--	--	.300
-0-	--	--	--	--	--	--	--	--	--	-0-
71.606	--	--	--	--	--	--	--	--	--	71.606
71.852	-0-	2.924								74.776
.246	.246	3.170	3.170	3.170	3.170	3.170	3.170	3.170		3.170



PART VI

OFFICIAL FINANCIAL HISTORY

Section D-2

Final Estimated Total Government Liability

TO BE SUBMITTED

PRIOR TO 31 JANUARY 1970

~~SECRET~~ DORIAN

HANDLE VIA BYEMAN  
CONTROL SYSTEM ONLY

PART VII  
ASSISTANCE REQUIRED  
AND  
RECOMMENDATIONS FOR THE FUTURE

~~SECRET~~ DORIAN

~~SECRET~~ DORIAN

HANDLE VIA BYEMAN  
CONTROL SYSTEM ONLY

PART VII - ASSISTANCE REQUIRED & RECOMMENDATIONS FOR THE FUTURE

A. ALTERNATE CHANNEL FOR TERMINATION FUNDS.

Funds to cover the cost of termination are presently channelled from the MOL Washington Office through the MOL SO who obligates the dollars to the contract. It is planned for the MOL SO to be totally phased out by 30 June 1970. Accordingly, an alternate funding channel must be established on or after that date. Recommend the channel be from the Office of the Assistant Secretary of the Air Force for Financial Management to the TCOs.

B. DORIAN SETTLEMENT REVIEW BOARD.

Currently established settlement review boards do not have clearances to enable termination settlement of terminated MOL DORIAN contracts. Recommend a board be established in Washington to perform this function.

C. DORIAN PCO

Upon the departure of General Bleymaier, the sole remaining PCO authorized for DORIAN contracts will have departed the MOL SO. Recommend Mr. Thomas W. Rutter be appointed to accomplish the following:

1. Necessary actions required to accomplish termination actions.
2. Necessary actions to settle two contracts which have been settled but not closed out. These two contracts may require manual approval in Washington.

HANDLE VIA BYEMAN  
CONTROL SYSTEM ONLY

~~SECRET~~

DORIAN