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Dear Senator Proxmire:

In your memorandum of July 18, 1972, and subsequent discussion with our representative, you requested information concerning the amount of Government-owned equipment in the custody of the McDonnell Douglas Corporation, St. Louis, Mo. We are furnishing you with the following information obtained from the Department of Defense.

As of March 31, 1972, McDonnell Douglas had custody at its St. Louis plant of Government-owned industrial plant equipment, such as lathes, milling machines, drills, etc., costing about \$28 million. Included in the \$28 million inventory were 27 numerically controlled tools costing \$7 million. Other types of plant equipment, such as vehicles and furniture, in the hands of the contractor as of June 30, 1971, amounted to about \$6 million.

McDonnell Douglas has been furnished with this equipment under Department of Defense facilities contracts and is permitted to use the equipment on a rent-free basis for Government work. It is required to pay rent for commercial use at rates prescribed in the Armed Services Procurement Regulation.

If we can be of further assistance, please let us know. As requested, the letter to you from Mr. Lew Friedland is returned.

Sincerely yours,

James B. Argets

Comptroller General
of the United States

Enclosure

The Honorable William Proxmire
United States Senate

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