

THE CORPORATE STRUCTURE



February 1971

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South Oyster Bay Road
Bethpage, New York 11714



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30/35, Chartered Bank Chambers

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LOCATION AND PLANT NUMBER OF GRUMMAN AEROSPACE'S 67 PLANTS AND FACILITIES

["n.e.s." means not elsewhere specified]

Plant or facility		Plant or facility	
Location	No.	Location	No.
New York State		Florida	
Long Island		Kennedy Space Center	83
Bethpage	1	Witham Field, Stuart	77
Bethpage	2	Florida, n.e.s.	86
Bethpage	3		
Bethpage	4		
Bethpage (Headquarters)	5	Georgia	
Bethpage	10	Travis Field, Savannah	55
Bethpage	14		
Bethpage	15	Maryland	
Bethpage	17	Glen Arm	56
Bethpage	18	Naval Air Test Center,	
Bethpage	20	Patuxent River	75
Bethpage	21	Maryland, n.e.s.	84
Bethpage	23		
Bethpage	24	New Mexico	
Bethpage	25	Naval Weapons Evaluation	
Bethpage	26	Facility, Kirkland Air Force	
Bethpage	28	Base, Albuquerque	78
Bethpage	29	White Sands Test Facility	82
Bethpage	30	New Mexico, n.e.s.	92
Bethpage	31		
Bethpage	35	North Carolina	
Bethpage	37	Marine Corps Air Station,	
Bethpage	39	Cherry Point	57
Calverton	6		
Calverton	7	Texas	
Calverton	8	General Dynamics Facility,	
Farmingdale	13	Fort Worth	51
Garden City	36	Houston Manned Space	
Hicksville	11	Center	52
Hicksville	12	Texas, n.e.s.	93
Hicksville	16		
Hicksville	22	Virginia	
Hicksville	38	Arlington	94
Melville	41	Norfolk	94
Sag Harbor	32	Virginia, n.e.s.	94
Syosset	33	Naval Air Station, Oceana	79
Woodbury	34	Sterling	58
Wyandanch	27		
New York State, n.e.s.	85	Washington, D. C.	50
Alaska	91	Washington State	81
		Aboard aircraft carrier	95
California		United States, n.e.s.	89
Edwards Air Force Base	74	Foreign areas	90
Los Angeles area	87		
Point Mugu Naval Air Station	88		
San Diego area	80		
San Francisco area	76		

LOCATION OF GRUMMAN ALLIED'S NINE PLANTS AND FACILITIES

California			Pennsylvania	
Tulare	Olson Bodies, Inc.		Carmichaels	Grumman Boats
Michigan			Rhode Island	
Sturgis	Olson Bodies, Inc.		Portsmouth	Pearson Yachts
New York			Texas	
Athens	Olson Bodies, Inc.		Sherman	Olson Bodies, Inc.
	Wormuth Brothers Foundry			
Garden City	Headquarters			
Marathon	Grumman Boats			

LOCATION OF GRUMMAN DATA SYSTEM'S FACILITIES

New York	
Bethpage	Headquarters
Hicksville	Computer Institute
Maryland	
Silver Spring	Computer Institute
Massachusetts	
Boston	North American Computer and Communications Company Computility, Inc.

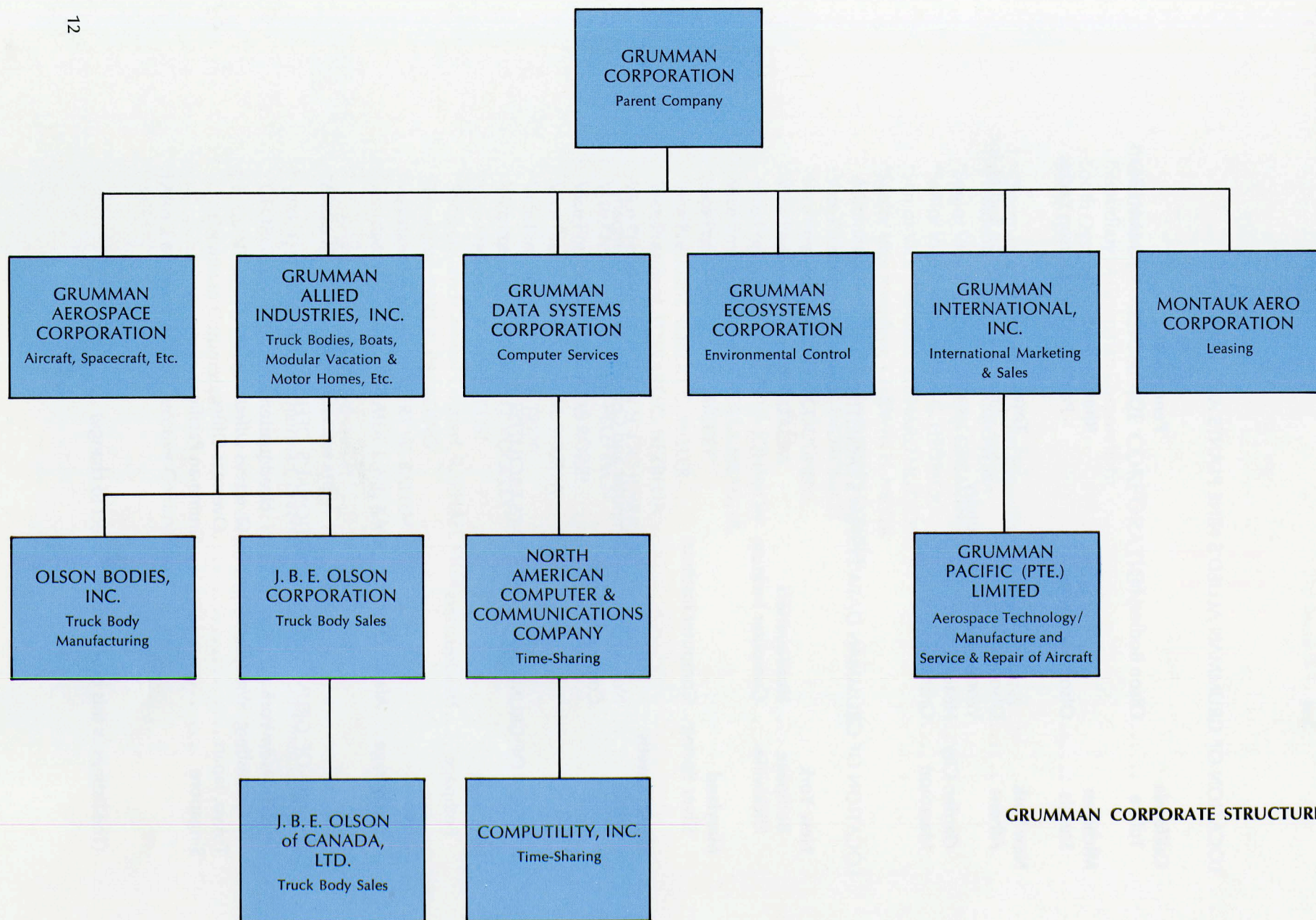
LOCATION OF GRUMMAN ECOSYSTEM'S FACILITIES

New York	
Bethpage	Headquarters
Alaska	
Anchorage	Alaska Office

LOCATION OF GRUMMAN INTERNATIONAL'S OFFICES

Melville, New York	Headquarters
Bad Godesberg, West Germany	Overseas Office
Tokyo, Japan	Overseas Office
Singapore	Grumman Pacific

(The listings in this brochure are subject to change)



GRUMMAN CORPORATE STRUCTURE



Box 9
Grumman

Grumman Corp.'s board omitted the 25-cent quarterly dividend that otherwise would have been paid next month. The company cited uncertainties about its F14A Tomcat fighter job.

(Story on Page 32)

Dividend News

F14A Woes Prompt Grumman to Omit Usual June Payout

By a WALL STREET JOURNAL Staff Reporter

BETHPAGE, N.Y.—Directors of Grumman Corp. omitted the big aerospace company's dividend on common shares.

The company said its board didn't act on the quarterly payment, which normally would have been made in June, because of the financial uncertainties surrounding its F14A Tomcat fighter plane contract with the Navy Department.

In recent years, Grumman paid cash dividends on its seven million outstanding common shares at a \$1 annual rate. The latest 25-cent payment was made in March. The company has paid some cash dividends each year since 1933.

The action, taken late in the day, was foreshadowed during the company's annual shareholder meeting yesterday. At that time, a grim-faced E. Clinton Towl, chairman, told the nearly 1,000 persons in attendance that on Monday, directors of Grumman Aerospace Corp., the company's major subsidiary, omitted that unit's quarterly dividend payment to the parent company. After the meeting, he indicated the unit's payments had amounted to \$3.5 million quarterly, double the cash needed for the parent concern's dividends. Grumman Aerospace accounted for 96% of the company's sales last year.

However, Mr. Towl declined to comment directly during and after the meeting on the status of the parent company's own dividend. In reply to the holder's question that elicited the disclosure of the subsidiary's omission, Mr. Towl said it was "very difficult" for him to comment under present circumstances. "It would be imprudent to take any position on our dividend until the F14 matter is straightened out," he said.

The dividend development can be expected to add to increasing pressure for a resolution of Grumman's heated contract fight with the Navy Department over future F14A production. The company is insisting it is financially unable to take on additional orders for the plane beyond 86 that are scheduled for delivery by mid-1974, unless the Navy increases substantially the price it pays for the plane.

The Navy insists its contract for options on the plane at a specified ceiling price is valid and binding, and wants to exercise an Oct. 1, 1972, option it has for 48 more planes. Mr. Towl last month told a Senate subcommittee the company estimates it would lose \$115 million if it produced the 48 planes under existing contract terms. Grumman contends the contract is invalid for that reason.

Company officials indicated yesterday that intensive efforts currently are under way in Washington to break the impasse.

Grumman last January said it was absorbing in its 1971 results an estimated \$65 million in pretax losses it will incur on the first 86 F14A aircraft, resulting in a net loss for 1971 of \$18 million. Last week it reported a drop in first quarter earnings to \$2.4 million, or 35 cents a share, from \$4.6 million, or 65 cents a share, as volume fell to \$152.8 million from \$214 million. The results for the latest quarter didn't include any profit or loss attributable to the F14A program.

The company lost its \$47.5 million short-term unsecured line of bank credit when it expired April 30. It said the banks wouldn't extend the credit until satisfactory resolution of the contract squabble is achieved. In the meantime, Grumman said, a \$30 million federal income tax refund temporarily has eased its cash needs.

Mr. Towl's remarks to the company's stockholders made it clear he believes Grumman's future depends on two things: resolution of the F14A fight and its success in the next several months in winning a big chunk of the Space Shuttle competition. At one point, after a shareholder inquired about future projections for Grumman's Gulfstream II corporate jet plane, Mr. Towl replied: "Until we solve the F14 problem and see where we are with the Space Shuttle, this company will have no such thing as projections."

Grumman last week submitted its Space Shuttle proposal, and the award is expected to be made in mid-July, Joseph G. Gavin Jr., a senior vice president, said. Grumman is competing with three other major aerospace companies. The program is expected to total more than \$5 billion over a six-year development program and could mean about 10,000 jobs at Grumman's Bethpage facilities, Mr. Gavin said.

The F14A is performing exceptionally well technically and operationally, Michael Pelehach, a vice president, said. Navy fighter pilots have flown the plane against the F4 Phantom, currently the workhorse of the U.S. air fighter forces, "and in simulated eyeball-to-eyeball dogfights (the F14) flew circles around the F4," he said. The F4 is made by McDonnell Douglas Corp.

PRESERVATION COPY

Costs to Spur F-14 Contract Change

Restructuring before year's end expected to cover increases beyond those anticipated at time of initial signing in 1969

By Cecil Brownlow

Washington—Present Navy contract for future buys of the Grumman F-14 variable-geometry air-superiority fighter probably will be restructured before the end of the year in one form or another to recognize increased costs beyond those anticipated at the time of the initial signing in January, 1969.

For the moment, however, the Navy has no legal recourse but to try and hold Grumman to an \$806-million price tag for the Fiscal 1972 procurement of 48 aircraft as agreed upon in 1969. But the company has advised the service that, from its standpoint, such a cost figure "is commercially impracticable under the existing terms and conditions." Navy sources say Grumman estimates an additional \$35 million for the Fiscal 1972 procurement would be required to avoid a loss.

Congressional committees considering the Navy's Fiscal 1972 budget request have been advised of the service's position by Charles Bowers, the Navy's assistant secretary for financial management and comptroller.

Grumman's position on the increased costs for the Fiscal 1972 buy had been made known to the Defense Dept. and elsewhere (AW&ST Apr. 12, p. 15), both verbally and by letter. And, it had indicated as early as September, 1969, that inflation and other factors might obsolete the January, 1969, firm fixed-price contract, a final fallout from the now-discarded "total-package" concept instituted during the tenure of former Defense Secretary Robert S. McNamara.

Early Warning

The company's management raised the flag well before the increasing costs could have hit the corporation severely in order to avoid such catastrophic losses as those that have struck other defense contractors working under fixed-price contracts in the past. Basically, according to Grumman, it wanted to make the cost increases known well before they began to impact seriously upon the company financially in order to secure its own financial health before accepting the risk of "taking a bath" and to alert the Navy, a longtime customer, that there was a problem at hand.

The company has not yet "taken a bath" financially. And it doesn't plan to. Neither has the Navy. The answer will come in the resolution of the fiscal 1972 buy, known as Lot 4, subsequent buys and the national economy at large.

The Navy has recognized that cost escalations since 1969 may have made the original contract terms unrealistic, particularly in view of the inflationary spiral in the nation's economy since that time.

But, from a legal point of view, the contract, including the \$806-million price, is binding should the Navy exercise its option for the full 48 aircraft by the Oct. 1 due date. It could be

negated should the Navy fail to place an order for the full 48 units, should it not have the congressionally-approved funds at the time to finance such an order or should Congress itself instruct the Navy to restructure the contract.

Barring any of these, Grumman—should it continue to dispute the con-

Libyan Mirages

Paris—Announcement that Egypt, Syria and Libya have formed a new federation which includes a combined military command has increased speculation about delivery of the 110 Dassault Mirage fighter-bombers and trainers Libya purchased from France early last year.

French government has issued a new statement on conditions of the Libyan sales agreement which says further shipment of aircraft or spares will be embargoed if the aircraft are used in the Middle East war against Israel. France embargoed delivery to Israel of 50 Mirage 5 fighter-bombers in 1969 on grounds it would not sell arms to any country involved in the Arab-Israeli war.

Libyan sales agreement also forbids transfer of the aircraft to a third country. Officials here would not say if combining Libyan, Egyptian and Syrian military commands would constitute transferring control of aircraft to either of the other countries. Both Egypt and Syria are covered by the French arms embargo.

Meanwhile, the first four Mirage 3B trainers, turned over to the Libyans earlier this year (AW&ST Feb. 22, p. 24), have been transferred to Wheelus air base by Libyan instructor pilots trained in France. Training of a cadre of Libyan instructors and ground technicians continues at Dijon, and the Libyans will take delivery of a maximum of 12 Mirages by the end of the year.

tract terms—could appeal for a release from its fiscal strictures under the Armed Services Procurement Regulations providing for compensation for costs beyond the control of the contractor. Grumman contends that its are, with costs and overhead unforeseen in early 1969 putting a severe crimp in its operations. In extreme, it could take its case to court, an unlikely contingency, since there likely will be a contract restructuring under one form or another well before this expedient would have to be called into play. In addition, no defense-oriented company likes to take its government customer into court.

And, possibly above all, Grumman is counting upon the fact that flight tests of the F-14, on the verge of beginning again after the loss of the initial prototype on its second flight (AW&ST Jan. 4, p. 17), will demonstrate to the Navy, Defense Dept. and Congress that they have a superior weapon system available, overly compensating for any increased unit-price costs. The company hopes to have approximately 300 hr on the aircraft by the critical Oct. 1 date.

On the other hand, some Navy officials feel that Grumman did not alert them sufficiently to the extent of their predicted problems in time, particularly in view of congressional criticisms of recent so-called Pentagon "price overruns." Some simply feel that Grumman by-passed them in making its woes known as it informed the Navy of its anticipated boosts in unit-price costs in Fiscal 1972 and beyond.

Aircraft Ordered

But, Grumman believes the September, 1969, alert and other verbal and written warnings should have been sufficient. And, as a case in point, the company has not yet signed an F-14 contract that has gotten it into financial trouble. The Navy thus far, in previously contracted Lots 1, 2 and 3, has ordered a total of 38 aircraft. On these, Grumman expects to make a profit, since the materials were ordered before the present inflation began to take such a heavy toll.

The September, 1969, warning came in a letter to Rear Adm. Thomas J. Walker, 3rd, then commander of the Naval Air Systems Command, from L. J. Evans, then president of and now chairman of the board and chief executive officer of the Grumman Corp. The Navy could not meet its contractual requirement to fund Grumman for the Lot 2 purchase of six F-14s due on Oct. 1, 1969, due to the fact that Congress had not appropriated the necessary

funds. Evans was replying to a Navy request that it be permitted to extend its privilege to exercise its option for the six aircraft until Jan. 2, 1970, when it believed congressional funding would be available, as it was.

Some Navy officials now say that, if Grumman anticipated financial difficulties with the F-14 program under the existing fixed-price contract, it could have abrogated the contract at that time. Few connected with the project believe that the company should have.

Neither did Evans, from a company viewpoint, with the prospect of future Grumman business, nor from a patriotic one in view of the growing Soviet arsenal of advanced tactical aircraft. All the Navy program officials, certainly, held the latter view

Evans' Letter

In any event, Evans said in his letter to Adm. Walker dated Sept. 30, 1969:

"... the F-14 multi-year contract is a very stringent one with terms never before imposed on an aerospace manufacturer. We went into this contract, as we both knew, with an appreciation for the risks and an expectation that, though the risks were high, we would make the aircraft the Navy needed and wanted on the schedule set and within cost limitations.

"Two things made us believe that we could meet these goals. First, we believed that on this high-priority program funds would be available as the government agreed they would be (as it was stipulated they would be) and, second, that our business base would remain relatively stable so that we would have a reasonable chance of calculating and achieving our forecast cost of production.

"The first key funding date which occurred after we signed the contract was passed 19 Aug., 1969, when the second installment of RDT&E funding came due and was forwarded by the Navy. Now the next key date is upon us. That date (1 Oct.) is the date when the government must exercise its option for Lot 2 and forward funds to start Lot 2 as well as funds to cover tooling expenditures, which already have been deferred.

"Our business base, the second element which is key to the financial success of the program, has been slipping alarmingly. We have always expected the current programs would decline in the future and recognize that over the long run the level of our business is strictly our problem. But, in this fiscal year, the changes in programs have been drastic—far beyond what you or I could have reasonably forecast in December, 1968. The reductions in forecast business has had, and will continue to have, a tremendous effect on the cost of the F-14.

V/STOL Proposals

Four aerospace companies have responded to a request for proposals on a basic preliminary design study for a lift-fan aircraft issued by the National Aeronautics and Space Administration's Ames Research Center.

Submitting proposals were the Boeing Co., North American Rockwell Corp., General Dynamics and Lockheed-Georgia Co.

The contract for the study is expected to be about \$1 million.

"It is obvious that our other business will be similarly affected. What we didn't realize was the depths to which these programs would be cut, and how such decisions would jeopardize this and other national security programs."

Some Navy officials—not Adm. Walker—contend that they did not take Evans' warning signals as a formal warning that the company might require a restructuring of its contract, particularly, as in these days of tight defense budgets and a declining economy, similar letters from other companies were not uncommon.

But, Grumman's problem was a real one, and its flag was designed to be taken in earnest. Its projections of future business and costs in 1968 for 1971 was off the mark, as were those of most companies. It had, as an example, allowed for an inflation factor of approximately 3.5% in costing out its bid through the Lot 4 phase of the contract. The actual figure has been nearer 8%.

As another example, the company had anticipated, on Navy projections, a production rate of three A-6 all-weather attack aircraft per month. The current figure is one a month. Similarly, with declining budgets and national inclination, its contracts with the National Aeronautics and Space Administration have fallen off more sharply than expected. So have its sales of the Gulfstream 2 business jet aircraft.

Overall, in 1968, Grumman estimated that its 1971 sales would run in the neighborhood of \$1.2 billion, as opposed to the approximately \$800 million that now appears to be the case. The projection drop is not all that severe, particularly when compared with some other aerospace companies. But, it is severe enough not to encourage a company to knowingly go into another project with assured losses the prospect.

In any event, after a series of discussions regarding the increasing costs of the F-14, including wage boosts and materiel costs beyond what just about anyone expected—between 40 and 50% for titanium alone since 1968—Rear Adm. E. E. McMorries, F-14 contracting officer at the Naval Air Systems Command, wrote a letter on Mar. 22,

1971, to the present president of Grumman Aerospace Corp., William Zarkowsky Adm. McMorries, who wanted to solicit a formal, detailed position from Grumman, wrote:

"Over the past few months there have been numerous discussions between representatives of your company and members of this command and representations to others in the defense establishment regarding the potential adverse position of the Grumman Corp. in meeting its contractual commitments toward Lot 4 and subsequent lots of the present F-14 contract.

"Certain allegations have apparently been to the effect that this situation might not permit your undertaking performance of the contract for these lots as now constituted.

"This letter is to request an official statement from your company regarding this possibility and to advise the contracting officer of the extent of corporate impairment, financial and otherwise, that might preclude performance of the above contract terms."

Benchmark Date

Zarkowsky replied on Mar. 31, a letter that was received in the Pentagon on Apr. 1, a date now used in the Navy as a benchmark as to when it first received formal notification of the increasing F-14 costs anticipated by Grumman for Lot 4. His letter said, in part:

"... With regard to Lot 4 and subsequent lots, the influences of abnormal inflation and decline of business base became apparent within the first year after contract signature. The commander of Naval Air Systems Command was so advised and further, that as soon as a better assessment of the impact of these trends was available, we would inform him in more detail. We did not casually continue on a business as usual basis but immediately instituted measures to decrease our indirect cost. For example, 250,000 sq. ft. of manufacturing and office space have been closed down and our work force has been reduced from 36,000 to 26,000. Every effort has been made to effectively manage our indirect and direct cost associated with our drastic change in business base and inflation. Despite these efforts and the fact that the development program is being performed under the man-hours originally estimated, the impact of the economic factors beyond the control of the Navy or the contractor clearly indicate that we should not continue to proceed to a point where financial relief would have to be sought. Grumman finds it appropriate to inform the Navy that present data demonstrates that performance of Lots 4 through 8 [in subsequent years] of the contract is commercially impracticable under the existing terms and conditions."



L. J. EVANS
chairman of the board

March 10, 1971

Dear Chuck.

I know I am touching a sensitive nerve when I refer to "lack of communication" however in view of your superb epistle ten days ago reminding me that I don't love you guys any more, I thought I would enclose a few pictures as evidence that one of my friends is a great communicator (even in Florida).

I have kept the best picture. You can pick it up when you join us for hunting on the 27th and brunch on the 28th -- provided you bring Pattie with you.

Warmest regards,

A handwritten signature in dark ink, appearing to be "L. J. Evans", with a horizontal line underneath.

Enclosure:

Charles W. Colson, Esq.
Special Counsel to the President
The White House
Washington, D. C.

Grumman

**Special report
Grumman
Plane News**

Please return for my review

C. Colson

Gordon

Bethpage, N.Y., February 17, 1971 -- Grumman Aerospace Corporation today announced the elections of a new Board Chairman, President, Senior Vice President, and Vice President following a regular meeting of the Aerospace Board of Directors. Grumman Aerospace is a wholly-owned subsidiary of Grumman Corporation.

Clint Towl, who is Chairman of the Board of Grumman Corporation, resigned the Chairmanship of the Aerospace subsidiary and was succeeded by former President Lew Evans, who also becomes Chief Executive Officer.

Bill Zarkowsky, former Senior Vice President, was elected President of Grumman Aerospace Corporation.

At the same Board meeting, Bill Schwendler, Chairman of the Executive Committee of Grumman Corporation, resigned his post as Vice Chairman of the Aerospace subsidiary.

Both Clint Towl and Bill Schwendler will continue to serve as Directors and Senior Executives of Grumman Aerospace Corporation.

It was also announced that Corky Meyer, a Vice President of Grumman Aerospace, was elected a Senior Vice President, and that Ross Mickey, deputy director of Aircraft Programs, was named a Vice President.

Other business conducted at the meeting resulted in the formation of an Executive Committee for Grumman Aerospace, consisting of Lew Evans (Chairman), Bill Zarkowsky, Clint Towl, and Bill Schwendler, to act as an advisory body to the Chairman and President of Grumman Aerospace.

Further details will be carried in the next regular edition of Plane News.

March 1, 1971

Dear Lew:

After Saturday even I am now convinced that you don't love us anymore. I had two secretaries fired, broke some of the John Quincy Adams China in the Mansion and had a frothing fit on Friday -- all for naught.

Sincerely,

/jh

Charles W. Colson
Special Counsel to the President

Mr. Llewelly J. Evans
Chairman of the Board
Grumman Corporation
Bethpage, L.I., New York 11714

Pulsing of Hydraulic Fluid Called Cause of F-14 Crash

By RICHARD WITKIN

THE NEW YORK TIMES

Thursday, January 21, 1971

The Dec. 30 crash of the Navy's new F-14 fighter was caused by pumping-pressure fluctuations that ruptured hydraulic lines somewhat the way musical notes can shatter a drinking glass.

This was the gist of a report issued yesterday by the Grumman Aerospace Corporation, builder of the twin-jet swing-wing plane.

The plane, designed to be the backbone of the Navy's carrier-based fleet starting in 1973, was on its second test flight when the accident occurred. It crashed less than a mile short of the runway at the company's test field in Calverton, L.I., after the plane's hydraulically operated control systems had failed. The two pilots escaped at the last moment by parachute.

Grumman said in its announcement that the troubles would require no major redesign and could readily be fixed.

Control Systems

The main controls for maneuvering the F-14 are the horizontal stabilizers and the twin rudders. They are moved by mechanisms actuated by hydraulic fluid driven through the system by pumps.

There are two independent primary hydraulic systems, each powered by a pump driven by the right or the left jet engine. There also is a back-up "third chance" system that uses an electrically driven pump.

According to Grumman, the following is essentially what happened on the Dec. 30 test flight:

About 23 minutes after take-off from Calverton, while the pilots were testing how the plane flew with one engine throttled far back, there was a sudden loss of hydraulic pressure in one of the two main hydraulic systems.

Investigators have found that the idled-back engine had been pumping fluid through the system with a slight fluctuation that had a frequency matching a natural frequency of the titanium line, causing the line to break.

Loss of fluid in this line did not immediately affect the plane's behavior because the other primary system was still controlling the plane's maneuvering surfaces. The pilots im-

mediately headed back toward the field.

Five minutes later, the second primary system broke, for the same reason. That left only the back-up, electrically operated hydraulic system to control the plane, but it should have been adequate for a landing.

Why it also failed has not been completely determined. But Grumman suggested that it, too, may have lost all its hydraulic fluid, or that a sticky or loose valve may have caused a hydraulic leak.

'Natural' Frequencies

The phenomenon that started the chain of events that broke the F-14 lines is called resonance. Such objects as bells, drinking glasses and titanium hydraulic systems have one or more "natural" frequencies, or frequencies at which they tend to vibrate.

The extent or range or amplitude of this vibration can be initiated and quickly increased by a small stimulus if that stimulus is applied at the receiving object's natural frequency.

In the F-14's titanium system, the vibrations, which occurred at about 600 cycles a second, caused the hydraulic line to break from metal fatigue, just as the metal fasteners on a manila folder will break when bent back and forth.

Bridge Collapse

It was an analogous situation—the matching of wind-generated vibrations with the natural frequencies of the structure—that caused the collapse of the Tacoma Narrows Bridge in November 1940.

In ground tests after the accident, Grumman was readily able to duplicate the hydraulic line break. Tests are routinely run to locate resonance problems before planes are built. But there are so many possibilities, the engineers say, that locating a troublesome frequency can be "like looking for a needle in a haystack."

In an effort to bar a repetition of the accident, Grumman will add a muffler or damper to soften the fluctuations in the hydraulic system. It also may replace some titanium with tougher—although heavier—stainless steel, at least temporarily.

The second test plane, with the changes, will make its first flight in March instead of next month, as had been planned.

FOR RELEASE IMMEDIATELY
INFORMATION FROM
GRUMMAN CORPORATION

CONTACT S. Kerekes
Assistant to the Vice Pres.
PHONE (516) 575-9501

F-14 ACCIDENT INVESTIGATION COMPLETED

Bethpage, N.Y. - January 20...Grumman Aerospace Corporation today announced that a company-conducted investigation of the December 30 loss of the first Navy/Grumman F-14A Air Superiority Fighter System has been completed and that the causes of the accident have been determined

The F-14A "Tomcat" crashed during its second flight, while on approach to landing at Grumman's Calverton, Long Island flight test facility

The new fighter had developed hydraulic system problems twenty minutes after takeoff, and was returning to the Calverton field when the hydraulically-powered flight control system failed forcing the test pilots to eject from the plane. Both men were uninjured.

In-flight operations of the test airplane indicated that the hydraulic system had developed a severe leak. Subsequent loss of the flight control system occurred prior to reaching the field

Detailed investigation firmly substantiated the initial opinion of the accident's cause, and pin-pointed both the location of the leaks and the cause of their occurrence.

- more -

BETHPAGE LONG ISLAND NEW YORK 11714

A thorough examination of the wreckage revealed that two 1/4-inch titanium hydraulic lines - one on each side of the aircraft's fuselage located behind the main landing gear - had broken. This allowed the fluid to leak out of both of the airplane's primary hydraulic systems, thereby rendering the flight control system inoperative.

A metallurgical examination of both recovered hydraulic lines and subsequent ground tests disclosed that line breakage came from pressure fluctuations known as hydraulic pump "ripple". These fluctuations created resonant vibrations in the lines which eventually caused fatigue breaks.

In spite of the failure of both lines, and the systems of which they were a part, the pilot should have been able to maintain control of the aircraft for landing by use of a third, electrically-powered Back-up Flight Control Module, which supplies power to rudders and horizontal stabilizers only. This system also failed to operate adequately due to either lack of hydraulic fluid or an internal leak which resulted in an insufficient output of pressure.

Grumman's investigating team and program engineers are finalizing solutions for the system's problems which will eliminate the vibrations which caused the line breakage and will preclude future failures of the third system Back-up Flight Control Module. Their findings will be incorporated in the second F-14A now under construction and scheduled to fly in March.

The corrective measures presently indicated by the investigation have been described by the company as "straight forward, mechanical system modifications", and will not entail any major redesign effort.

At the time of the crash, the F-14A program was approximately one month ahead of schedule which provided a time cushion for the entire test program. Therefore, the loss of the first aircraft is not expected to have an adverse effect on the commencement of Navy Bureau of Inspection and Survey Trials or introduction into the fleet.

An official report from the Navy's aircraft accident board will be issued within a few days and is expected to contain findings consistent with those of Grumman.



L. J. EVANS
president

file

December 21, 1970

Dear Chuck:

I thought you might enjoy these first photographs on the F-14 TOMCAT on the occasion of its first flight.

I had one great regret - that all of you who had the guts, determination and perserverance to put your careers and reputations on the line during the fall of 1968 and help initiate this development so desperately needed by our nation could not have been present.

You have my highest esteem and affection. On this memorable first flight date, it's a thrill and privilege to convey my warmest regards and very best wishes for every success in 1971.

Sincerely,

A handwritten signature in dark ink, appearing to be "L. J. Evans", with a long horizontal stroke extending to the right.

Mr. Charles W. Colson
Special Counsel to the President
The White House
Washington, D. C.





Reproduced at the Richard Nixon Presidential Library



Reproduced at the Richard Nixon Presidential Library

November 25, 1970

Dear Bill:

I've passed along your invitation to Henry Kissinger. I have an idea that he would love to do this if he could. Henry's schedule is the toughest around here, second only to the President. In any event, I'm sure you'll be hearing directly from Henry.

If Henry can't make it I would think he might suggest someone qualified from his staff to do it. Actually, I would be totally useless to you, as much as I would enjoy a pleasant weekend away from this crazy city. I'm pretty out of date with what's going on in aerospace and defense business. I do appreciate the offer, however.

Tell Peter to get his resume down to me. In the spring we'll see what might be available for him. I know he would love the experience here. It is a pretty tough screening process even for unpaid positions, but I'd be glad to have a go at it for this summer. If it works, fine; if it doesn't, that might put him in better shape for the next year.

Hope all is well with you and Mary.

Best personal regards.

Sincerely,

Charles W. Colson
Special Counsel to the President

Mr. William Djinis
Chairman, General Session
Grumman Aerospace Corporation
Bethpage, New York 11714

cc: Gen. Haig - "Please handle".



*Kissinger
cannot make
this - they told
me so*

13 November 1970

The Honorable Charles Colson
The White House
Washington, D. C.

Dear Chuck:

If Dr. Kissinger cannot do this for the AIAA, how about you filling in for him? Take Pat along and she and Mary can have a ball in Juarez!!

How have you been? At least the girls get to see each other once in a while, but I haven't had a chat with you for too long.

You've got to slow down -- or take some time off -- or something. Anyway, Mary would very much like to make some more of those Greek "goodies" for you (and I'd like to show off my masterpiece -- the new house -- you looked at the plans when we were in Bethesda). So how about coming up here some weekend and we'll even be able to take in an opera or concert, too.

Peter is still anxious to have that summer job with you. He is at Clark University in Wooster, Mass., majoring in Political Science.

Hope you and Pat can visit with us -- even if only overnight.

Cordially,

Bill



13 November 1970

The Honorable Dr. Henry Kissinger
The White House
Washington, D. C.

Dear Sir:

The American Institute of Aeronautics and Astronautics will hold its next national tactical missiles meeting at Ft. Bliss, El Paso, Texas, during February 8 - 10, 1971.

The conference will address the changing political and operational environment and the impact of advanced technology upon tactical missile systems.

We would be most honored if you would be our guest speaker at the banquet to be held the evening of February 9, 1971, at the Hilton Inn, El Paso, Texas.

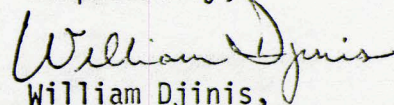
We would expect your talk to be unclassified even though the conference papers are classified. Held every two years, this is one of the most important, and most popular, conferences that the AIAA conducts (with DOD sponsorship).

I have enclosed the program for the General Session as an example of the type of papers that will be presented.

We hope that you will be able to fit this engagement into your busy calendar.

Should you desire to respond by phone, I can be reached on (516) 575-1123.

Respectfully,


William Djinis,
Chairman, General Session

Enc.

MONDAY, FEBRUARY 8

G E N E R A L S E S S I O N

Chairman, William Djinis (Grumman Aerospace Corp.)

WELCOME	COMMANDING GENERAL (FT. BLISS)
INTRODUCTION TO SYMPOSIUM	JAMES DRAKE (HUGHES AIRCRAFT CO.)
KEYNOTE TALK	JOHN S. FOSTER, JR. (DDR & E)
TRENDS IN USSR AND CPR TACTICAL MISSILES	M. LEROY SPEARMAN & CHARLIE M. JACKSON, JR. (NASA, LANGLEY)
HUNTSVILLE REVISITED: A REPORT ON PROGRESS AND PROBLEMS SINCE THE 1969 TACTICAL MISSILES SYMPOSIUM	THEODORE KOTONIAS (ODDR & E)
BREAK	
THE SIX DAY WAR, LESSONS LEARNED	W. SCOTT PAYNE (IDA)
THE "THREAT" -TO U. S. TACTICAL MISSILES	NORMAN AUGUSTINE (LTV, MISSILES & SPACE DIV.) C. A. FOWLER (RAYTHEON CO.)
TEST & EVALUATION PHILOSOPHY	BRIG. GEN. GEORGE SYLVESTER (ODDR & E)
QUESTIONS AND DISCUSSIONS	WILLIAM DJINIS (GRUMMAN AEROSPACE CORP.)
LUNCH	

ADMIRALS CONNOLLY AND TOWNSEND

Lew has intelligence that neither of the above persons is being seriously considered for a fourth star. (Connolly for Chief, Navy Materiel, Townsend for Deputy CNO for Air).

In fact, Secretary Warner has been told by Senator Byrd that Connolly has not even been considered in the White House.

In view of the fact that most of the new Admiral appointees are "young" - lacking in all probability, Congressional experience and know-how, the leavening of the Admirals with two older, wiser, and more readily creditable "Old Hands" would serve the Administration in its Capitol Hill dealings - on Navy programs - as well as other Defense Department programs.

As a personal favor, Lew would like you to discuss this with Secretary Chaffee.

Time is running out - the appointments are to be made and announced next week.

Handwritten notes and signature:

↓

9/11/68
J. M. - 100
B. L. - 100
C. 91-100
J. 91-100
J. 91-100

THE WHITE HOUSE
WASHINGTON

Lew Evans office called and said that they appreciate the fact that the President sent the letter of appreciation on Apollo 13 and they want to personally thank you for the part you had in it.

Grumman cracks a silence barrier

Grumman Aircraft Corp., fighting to save \$7.5-million in profits made back in 1965, won a law case last week that pried open the files of one of the most secretive outfits in Washington, the U. S. Renegotiation Board.

Grumman will probably get most of the data it is seeking. Included is profit data of many of its competitors. But the board is sure to try to slam the files shut again, before anyone else gets a good look.

The board has always tried to move in mysterious ways. It keeps a lot of companies' secrets. Last year it examined \$48-billion worth of sales made to seven of the government's biggest spenders: the Defense Dept., the Atomic Energy Commission, the Na-

But can it force the U. S. Renegotiation Board to share its secrets?

tional Aeronautics & Space Administration, the General Services Administration, the Maritime Administration, the Federal Maritime Board, and the Federal Aviation Agency. It also scrutinized confidential financial reports that had been filed by 5,030 contractors and manufacturers.

Most of those who filed reports came off unscathed. But the board found that 82 contractors, mainly in defense work, had made "excessive" profits totalling \$21,350,413. And it got refunds of \$11,692,219 from 54 of them.

Grumman was one of the few that decided to resist the board's demands. Most of the companies that were challenged decided to pay up, perhaps only to avoid a long court fight and exposure of intimate corporate dealings. Many undoubtedly felt they were not equipped to argue with the board, since they lacked proof of the size of the competitors' real profit.

But Grumman fought and, in the District of Columbia's Court of Appeals last week, it won what could be an important victory. By the court's decision and before returning the money claimed by the board, Grumman has the right to look at:

- Renegotiation Board rulings on the profits of 14 other aerospace companies.
- Federal agencies' evaluation of Grumman's performance as a contractor
- Concurring and dissenting opinions by which the Renegotiation Board ar-

rived at its decision on Grumman's profits.

Until now, the board has never released this type of information. Exceptions to its strict rule of secrecy have been made only when individual companies challenged one of its decisions in the U. S. Tax Court, which handles appeals from the board's decisions. Otherwise, board members even refuse to acknowledge that a company's profits have been questioned. They take this position on the ground that much of the information they have is confidential—protected both under the Internal Revenue Act and by rulings regarding "trade secrets."

Equalizer. Grumman won its appeal by basing its case on the 1967 Freedom of Information Act that calls for maximum disclosure of all government information unless it involves national security. Grumman maintained that it needed the information being held back by the Renegotiation Board in order to block the board from recouping \$7.5-million of the \$52.8-million that the company had made in 1965 on defense work.

In that year, Grumman officials say, they were flooded with Army and Navy orders for aircraft for use in Vietnam. And in that year, too, Grumman was supplying airframes to General Dynamics Corp. for the F-111B.

But it was Grumman's superior efficiency, the company contends, that made its profits jump more than 160%. Sales rose only 47%, it says, from \$554-million in 1964 to \$814-million in 1965.

Grumman insists that superior efficiency is one of the big factors the board must take into account before charging that profits are excessive. A profit of \$52.8-million on \$814-million is lower than many Grumman competitors, the company argues. It is even less than the profit-to-sales ratio of the defense industry as a whole.

Grumman's competitors are eagerly waiting to see how much information the company will get as a result of the court's order. Many aerospace executives believe that the Long Island-based company will get all the information it asked for. But before any information is released, it will have to be examined by a lower court judge to be sure it contains no commercial secrets. And the Appeals Court has also ruled that the Renegotiation Board can use a coded numbering system in the data to hide the identity of specific companies. But it probably would not be hard for any aerospace executive to figure out the key to such a system.

Meantime, the Renegotiation Board may still decide to fight the Court of Appeals decision. It can take the case to the Supreme Court.

Bystander. The first to benefit from Grumman's victory will be little Holly

Corp., of Azusa, Calif. It has a case similar to Grumman's pending in the Los Angeles District Court. The Renegotiation Board wants Holly to return \$3.3-million of the profits it made in fiscal 1961 and 1962 from operating oil product depots for the Defense Dept. Holly thinks its profits were fair and is also using the Freedom of Information Act to get the data it thinks it needs to prove its case.

Even if Grumman fails to win full disclosure, another case is coming up that could do the job. Seven senior law students at Georgetown University are suing the board to make public disclosure of all orders and opinions in a step-by-step reporting system. "If we win our case, we'll have the whole thing open," says Joseph Page, the students' teacher in a seminar called "Lawyering in the Public Interest." ■

EDUCATION

A new GI Bill for Vietnam vets

A new, broadened version of the GI Bill was headed toward Congressional passage this week as a House-Senate conference group came to agreement on its features—a 35% boost in basic benefit levels and a number of highly innovative provisions to attract educationally disadvantaged veterans to the groves of academe.

The measure grows out of concern over Vietnam veterans' half-hearted involvement in the government-sponsored educational program as compared with the enthusiastic participation of the education-hungry vets of past wars. Aided by the GI Bill, almost half of all World War II veterans en-

Black and disadvantaged vets have spurned the G. I. Bill's benefits

rolled in some sort of training program—including 450,000 future engineers, 360,000 future teachers, and countless aspiring doctors, lawyers, businessmen, salesmen, and mechanics. About 45% of Korean veterans also went back to school. By contrast, only about 23% of Vietnam's crop of ex-servicemen have made use of available educational benefits thus far.

Particularly disturbing has been the failure of black and disadvantaged GIs to seize the educational opportunities offered them. With the unemployment rate rising, some government officials feel their frustrations and anger could dangerously swell the tide of urban unrest. The GI Bill is viewed as an ideal

February 10, 1970

Mr. Charles W. Colson
The White House
Washington, D. C. 20500

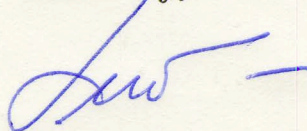
Dear Chuck:

Enclosed is a list of the industrial members that were present at our F-14 Program Review on Friday, January 30th. Mr. Packard, Deputy Secretary of Defense, was also in attendance. This is the type of roster I have in mind for the LM Program Review which will probably be scheduled in March where I intend to award LM gold buttons to each of the senior members (Presidents and Chairmen of the Board) who were deeply involved in the tremendous success of the landing on the moon.

It is at this session where I would like your assistance in having a notable from the White House Staff, such as Dr. Lee DuBridge, in attendance and to speak to this group.

Best personal regards.

Sincerely,



LJE/wm

P. S. Please let me know what dates might work out for Dr. DuBridge or some other member of the Staff.

*I've asked Sweet to write to you -
Thanks for the assistance! - John
af-yahself & am best to Patty*

F-14 ASSOCIATE CONTRACTORS

SENIOR MANAGEMENT MEETING - JANUARY 30, 1970

Actual Attendee List

Abex Corporation

Lt. Gen. C. B. Stone III (Ret.) - Assistant to the
Divisional President
Philip Terry - Eastern Regional Manager

Bendix Corporation

Dr. R. D. O'Neal - President & Chief Operating Officer
Donald S. Jones - Executive Vice President

Brunswick Corporation - Technical Products Division

James F. Urbanek - President
Herbert E. Ennis - Vice President, Marketing
Jack Meyerhoff - Corporate Controller

Fairchild Hiller Corporation

Edward G. Uhl - President
Dr. Norman Grossman - Vice President & Assistant
General Manager
Ralph Bonafede - Vice President
Alex Wadkovsky - Program Manager

The Garrett Corporation

Gen. Mark Bradley - Senior Executive Vice President
Ernest Wilder - Assistant Manager, Plainview Office
John Sullivan - Not on Invitee List

The B. F. Goodrich Company

Clinton B. McKeown, President, Aerospace & Defense
Products Division

General Electric Company

Jack S. Parker - Vice Chairman and Executive Officer
Edward Woll - Vice President and General Manager,
Military Engine Division

Gull Airborne Instrument Company

Peter D'Agrosa - President

Hartman Systems, Incorporated

Paul G. Schultz - Vice President & General Manager

Honeywell, Incorporated

W. T. Noll - Vice President, Aerospace & Defense Group
Walt S. Robinson - Program Manager, Aerospace & Defense Group

Hughes Aircraft Company

John W. Black - Vice President, Aerospace Group Executive
Dr. Leonard Gross - Vice President & Division Manager,
Aeronautical Systems Division
Walter Maguire - Program Director, Phoenix System
A. H. Vito, Jr. - Manager, Long Island District Office

IBM Corporation

T. V. Learson - President
James A. Bitonti - Vice President & General Manager,
Electronics Systems Center

Kaiser Aerospace & Electronics Corporation

William F. Freistat - Executive Vice President
Carl K. Perkins - Vice President & Manager, Electronics

Kaman Aerospace Corporation

Jack G. Anderson - President
John J. Carey - F-14 Program Manager
Mr. Moses - Not on Invitee List

Litton Industries, Incorporated

Roy Ash - President
Dr. Joseph S. Smith - President, Litton Guidance &
Control Systems Division

National Waterlift Company

H. A. Lammers - Vice President and General Manager
Glenn D. Babbitt - Vice President, Aerospace

PRD Electronics, Incorporated

Thomas O'Brien - Vice President & General Manager
Jack Walsh - Vice President, Systems

Raytheon Company

D. Brainerd Holmes - Executive Vice President
Joseph F. Alibrandi - Senior Vice President and General
Manager

Rohr Corporation

Frank E. McCreery - Executive Vice President

Ryan Aeronautical Company

Frank G. Jameson - President

Sperry Rand - Vickers Aerospace

John Ryberg - Director of Marketing
R. C. Batte - NE District Sales Manager

Sundstrand Aviation

Bernard Kittle - Vice President, Engineering
Basil Cascio - Contracts Manager

Teledyne, Incorporated

Dr. George Roberts - President

Teledyne Systems Company

Allen Orbuch - Executive Vice President

United Aircraft Corporation

William P. Gwinn - Chairman of the Board
Arthur E. Smith - President
Bruce Torell - Division Executive Vice President,
Pratt & Whitney Aircraft Division
C. R. Baxter - Not on Invitee List

United Control Corporation

A. H. Rooks - Vice President & General Manager
William G. Finn - Washington Representative

Mr. Lew J. Evans, President
Grumman Aerospace Corporation
c/o Mission Control
Houston, Texas

God Bless the Grumman Ironworks. You guys did it again. I want
you to know I am personally proud to have been associated with you
and the rest of the Grumman gang. Congratulations.

Charles W. Colson
Special Counsel to the President

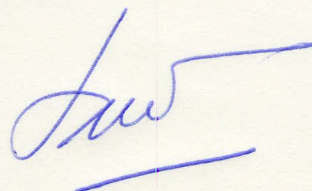
April 28, 1970

Dear Chuck:

Of all the telegrams and letters we've received regarding Aquarius, yours was particularly appreciated.

Thanks for your thoughtfulness - you're damn well right to feel proud.

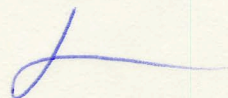
Sincerely,



Charles W. Colson, Esq.
Special Counsel to the President
The White House
Washington, D. C.

Chuck -

If given a chance we'll
work hard to build the same
quality into the Orbita patrol
of the Shuttle - Best to Patty
and thanks for your expressions



United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 22,635

GRUMMAN AIRCRAFT ENGINEERING CORPORATION, APPELLANT

v.

THE RENEGOTIATION BOARD

Appeal from the United States District Court
for the District of Columbia

Decided March 10, 1970

Mr Charles W Colson, with whom *Mr. Tom M. Schaumberg* was on the brief, for appellant.

Mr Irwin Goldbloom, Attorney, Department of Justice, with whom *Messrs. Thomas A. Flannery*, United States Attorney, *Morton Hollander* and *Harland F. Leathers*, Attorneys, Department of Justice, were on the brief, for appellee.

Before *BAZELON*, *Chief Judge*, and *WRIGHT* and *ROBINSON*, *Circuit Judges*.

BAZELON, Chief Judge This is an appeal from a summary judgment refusing to order production of documents

under the Freedom of Information Act.¹ The issue in the case is the scope of the statutory exemption for confidential information furnished to a federal administrative agency. Appellant, an aerospace contractor, seeks an order compelling the Renegotiation Board to produce (1) the orders and opinions² issued during the renegotiation of the contracts of fourteen companies during the years 1962 to 1965, and (2) certain documents relating to Grumman's own renegotiations for 1965. The Board contends that the documents are exempt from disclosure because they contain trade secrets and other confidential information. The court below granted the Board's motion for summary judgment, without opinion. We conclude that the statute does not render the documents completely immune from disclosure. Accordingly, we reverse the District Court's judgment and remand for further proceedings to determine which documents (or parts thereof) are available to appellant under the Act.

I.

The Board has always regarded its opinions and orders as confidential and therefore not subject to release under

¹ 5 U.S.C. §552 (Supp. IV, 1969)

² The phrase "orders and opinions" is employed here to encompass the "final opinions, determinations, unilateral orders, agreements, clearance notices and letters not to proceed" which appellant requested from the Board. *See* 32 C.F.R. §1480.8 (1967); 5 U.S.C. §551(6) (Supp. IV, 1969). In addition to the "Statement of Facts and Reasons" provided by the Board pursuant to 50 App. U.S.C. §1215(a) (1964), the term "opinion" may also include appellant's request for the "summaries of facts and reasons" on which other "unilateral orders and agreements" are based. As the record now before us does not adequately describe these "summaries," it will be for the District Court on remand to determine whether they have the status of final agency opinions.

section 3 of the Administrative Procedure Act.³ The authority for such a blanket denial of access to orders and opinions was removed by the Freedom of Information Act, which took effect on July 4, 1967. Government agencies are now required to make available to the public their "final opinions, including concurring and dissenting opinions, as well as orders."⁴

The Board contends, however, that the opinions and orders in question are exempted from the Act's broad disclosure requirements because they include data submitted "in confidence" to the Board by defense contractors. The Board's argument is grounded in the statutory exemption for "(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential."⁵ This provision was designed to prevent the unwar-

³ The Board's operations are excluded from the requirements of all parts of the APA except section 3. 50 App. U.S.C. §1221 (1964). Section 3 formerly permitted nondisclosure of orders and opinions which were "required for good cause to be held confidential." 5 U.S.C. §1002(b) (1964). The Board imparted secrecy to all its orders and opinions by employing the presumption that, as a matter of law, they *all* came within this exception. 32 C.F.R. §1480.8 (1967); 17 Fed. Reg. 2542 (1952).

⁴ 5 U.S.C. §552(a) (2) (A) (Supp. IV, 1969). *Cf.* 32 C.F.R. §1480.5 (1969). The reason for requiring concurring and dissenting, as well as majority, opinions to be made public was that "five agencies—including . . . the Renegotiation Board—do not make public the minority views of their members," although the public is entitled to know the opinions of all agency members. H.R. Rep. No. 1497, 89th Cong., 2d Sess. 8 (1966).

⁵ 5 U.S.C. §552(b) (4) (Supp. IV, 1969). *Cf.* 32 C.F.R. §1480.9(4) (1969). The Board also cites another statutory exemption which covers matters that are "(3) specifically exempted from disclosure by statute." 5 U.S.C. §552(b) (3) (Supp. IV, 1969). Appellee argues that its opinions and orders are brought within this exemption by 18 U.S.C. §1905 (1964),

ranted invasions of personal privacy which might be caused by the Government's indiscriminate release of confidential information.⁶ The statutory history does not indicate, however, that Congress intended to exempt an entire document merely because it contained some confidential information.⁷ On the contrary, should data which falls within Exemption (4) appear in any Board opinion or order,⁸ both the Act and

which punishes public officials who divulge "in any manner or to any extent not authorized by law" information submitted to them by any person on his trade secrets, income and the like. Unlike other statutes which specifically define the range of disclosable information, *e.g.* 26 U.S.C. §6103 (1964), as amended (Supp. IV, 1969), section 1905 merely creates a criminal sanction for the release of "confidential information." Since this type of information is already protected from disclosure under the Act by §552(b) (4), section 1905 should not be read to expand this exemption, especially because the Act requires that exemptions be narrowly construed. 5 U.S.C. §552(c) (Supp. IV, 1969)

⁶ S. Rep. No. 813, 89th Cong., 1st Sess. 9 (1965)

⁷ *Id.* at 7, H.R. Rep. No. 1497, *supra* note 4, at 8.

⁸ The "deletion" provision of the Act refers to "opinions" but not to "orders," because it apparently contemplates that "orders" are merely summary statements of agencies' final adjudicative action and are accompanied by "opinions" setting forth the agencies' principles and reasoning. See *Attorney General's Memorandum on the Public Information Section of the Administrative Procedure Act* 18 (1967). The renegotiation process clearly does not fit this pattern, since 90% of the Board's determinations are by order without opinion. In order to achieve the statutory purpose of disclosing agency action while concealing personal identity, the Board must be allowed to delete identifying details from its orders. Moreover, this protects the Congressional determination that there be two methods of renegotiation, voluntary "agreements" (orders) and unilateral Board determinations (orders with opinions), by giving the same anonymity to all orders as is given to opinions.

the Board's regulations⁹ recognize that the interests of confidentiality can be protected by striking identifying details prior to releasing the document.¹⁰ The District Court's judgment, permitting appellee to deny the public all access to its orders and opinions, must therefore be reversed and the cause remanded to allow appellant access to the orders and opinions requested after appellee has made suitable deletions.

A request for the orders and opinions concerning a single contractor would clearly create a problem of confidentiality. In the present case this problem does not exist because appellant has requested orders and opinions relating to fourteen contractors, and their release en masse without identifying details will preserve anonymity. In the future, the Board can avoid the problem by deleting identifying details from each opinion or order and then making it available to public inspection as a matter of course.¹¹ This procedure will fulfill the statutory mandate by exposing to public scrutiny the agency's discharge of its functions while protecting the privacy of the persons involved in the disposition of individual cases.¹²

⁹ 5 U.S.C. §552(a) (2) (Supp. IV, 1969) ; 32 C.F.R. §1480.5 (c) (1969)

¹⁰ The Act requires that "the justification for the deletion shall be explained fully in writing." 5 U.S.C. §552(a) (2) (Supp. IV, 1969) *Cf.* 32 C.F.R. §1480.5(c) (2) (1969)

¹¹ To preserve the anonymity of its records, the Board may, of course, refer to them by date or other code number in the index to its members' votes and opinions. 5 U.S.C. §552(a) (2) (Supp. IV, 1969) , 32 C.F.R. §1480.5(d) (1969). A system of numerical identifications has previously been used to report on the Board's operations. See *Comptroller General's Report on Coordination Between the Renegotiation Board and the Defense Department*, BNA FED. CONTRACTS REP. No. 232 at D-1 (July 29, 1968)

¹² See H.R. Rep. No. 1497, *supra* note 4, at 8, S. Rep. No. 813, *supra* note 6, at 7

II.

In addition to the orders and opinions, appellant also requested the Board to release "the reports, correspondence and data" in connection with Grumman's renegotiations for 1965. There is no suggestion that these are not "identifiable records" within the meaning of §552(a)(3). In fact, the Chairman of the Renegotiation Board inspected the material in question and divided it into four categories:

A. Letters and documents exchanged by Grumman and the Board;

B. Inter-departmental and inter-agency communications between the Board and other government agencies with respect to Grumman's performance on its renegotiable contracts;

C. Communications between the Board and a firm holding a renegotiable contract, concerning Grumman's performance as a subcontractor; and

D. Intra-agency memoranda and communications consisting of advisory opinions, conclusions, recommendations, and analyses prepared by personnel and members of the Board.¹³

The parties agree that the documents in category (A) are available for inspection; appellant also states that it does not seek access to the advisory memoranda encompassed by category (D). Thus the parties appear in an adversary posture only as to the "performance reports" in categories (B) and (C).

Congress intended that §552 would make available to the general public any agency records "which would routinely be disclosed to a private party through the discovery

¹³ Appellant suggested that there might be a fifth category of documents, "investigatory or other factual reports prepared by Board employees," but appellee assured this court that any such items are included in categories (B) and (C).

process in litigation with the agency"¹⁴ In *Boeing Airplane Co. v. Cogheshall*,¹⁵ we held that the Board's investigatory and other factual reports were subject to discovery. Hence, the documents being sought by appellant are clearly available to it under the Act unless they are exempted by subsection (b).

The Board contends that such immunity from disclosure is provided by Exemption (4)'s protection of confidential commercial and financial information. This provision has been interpreted to encompass only information received from persons outside the Government.¹⁶ We concur in this reading of the statute.¹⁷ The plain language of the exemption—it applies only to "information obtained from any person"¹⁸—is reenforced by the statutory history, which indicates that the exemption was not meant to allow agencies to render documents "confidential" by passing them back and forth among themselves.¹⁹ On the other hand, in-

¹⁴ H.R. Rep. No. 1497, *supra* note 4, at 10. Documents are available "if a court would 'routinely' order them produced in discovery proceedings," even though the agency might oppose production. *Benson v. GSA*, 289 F. Supp. 590, 595 (W.D. Wash. 1968), *aff'd sub nom. GSA v. Benson*, 415 F.2d 878 (9th Cir. 1969). While adopting "discovery" criteria as a gauge for availability, the Act removed the requirement that a party show "need" for a document; information is available equally "to any person." See Davis, *The Information Act: A Preliminary Analysis*, 34 U. CHI. L. REV. 761, 765-66 (1967).

¹⁵ 108 U.S. App. D.C. 106, 280 F.2d 654 (1960).

¹⁶ *Benson v. GSA*, *supra* note 14, at 594; *Consumers Union v. Veterans Admin.*, 301 F.Supp. 796, 803 (S.D.N.Y. 1969). Cf. Davis, *supra* note 14, at 787-92.

¹⁷ Cf. *Boeing*, *supra* note 15, at 113, 280 F.2d at 661.

¹⁸ The APA excludes government agencies from its definition of "persons." 5 U.S.C. §551(2) (Supp. IV, 1969).

¹⁹ S. Rep. No. 813, *supra* note 6, at 9; H.R. Rep. No. 1497, *supra* note 4, at 10.

formation which is confidential in the hands of one agency retains its protected character in the hands of agencies to which it is subsequently furnished.²⁰ On remand, the District Court will have to determine, through *in camera* inspection,²¹ whether the inter-departmental communications involved in this case come within this narrow category.²²

This analysis does not apply, however, to the reports submitted by the prime contractor on Grumman's performance, since that material originated outside the Government. After examining those documents, the District Court must decide whether they contain commercial or financial information which the contractor would not reveal to the public and therefore are exempt from disclosure or are subject to release only after appropriate deletions have been made.

Reversed and remanded.

²⁰ For example, the Board is empowered to inspect income tax returns, and its regulations require that data derived from that source not be revealed. 32 C.F.R. §1480.2 (c) (1969)

²¹ See *Ackerly v. Ley*, — U.S. App. D.C. —, — F.2d — (No. 22,665, Dec. 19, 1969), *GSA v. Benson*, *supra* note 14.

²² The Board initially also relied on 5 U.S.C. §552(b) (5) (Supp. IV, 1969) which protects agencies' internal policy memoranda, but it has since abandoned that contention.

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United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 22,635

GRUMMAN AIRCRAFT ENGINEERING CORPORATION, APPELLANT

v.

THE RENEGOTIATION BOARD

Appeal from the United States District Court
for the District of Columbia

Decided March 10, 1970

Judgment entered
this date
←

Mr. Charles W. Colson, with whom *Mr. Tom M. Schaumberg* was on the brief, for appellant.

Mr. Irwin Goldbloom, Attorney, Department of Justice, with whom *Messrs. Thomas A. Flannery*, United States Attorney, *Morton Hollander* and *Harland F. Leathers*, Attorneys, Department of Justice, were on the brief, for appellee.

Before *BAZELON*, Chief Judge, and *WRIGHT* and *ROBINSON*, Circuit Judges.

BAZELON, Chief Judge: This is an appeal from a summary judgment refusing to order production of documents

under the Freedom of Information Act.¹ The issue in the case is the scope of the statutory exemption for confidential information furnished to a federal administrative agency. Appellant, an aerospace contractor, seeks an order compelling the Renegotiation Board to produce (1) the orders and opinions² issued during the renegotiation of the contracts of fourteen companies during the years 1962 to 1965, and (2) certain documents relating to Grumman's own renegotiations for 1965. The Board contends that the documents are exempt from disclosure because they contain trade secrets and other confidential information. The court below granted the Board's motion for summary judgment, without opinion. We conclude that the statute does not render the documents completely immune from disclosure. Accordingly, we reverse the District Court's judgment and remand for further proceedings to determine which documents (or parts thereof) are available to appellant under the Act.

I.

The Board has always regarded its opinions and orders as confidential and therefore not subject to release under

¹ 5 U.S.C. §552 (Supp. IV, 1969).

² The phrase "orders and opinions" is employed here to encompass the "final opinions, determinations, unilateral orders, agreements, clearance notices and letters not to proceed" which appellant requested from the Board. See 32 C.F.R. §1480.8 (1967); 5 U.S.C. §551(6) (Supp. IV, 1969). In addition to the "Statement of Facts and Reasons" provided by the Board pursuant to 50 App. U.S.C. §1215(a) (1964), the term "opinion" may also include appellant's request for the "summaries of facts and reasons" on which other "unilateral orders and agreements" are based. As the record now before us does not adequately describe these "summaries," it will be for the District Court on remand to determine whether they have the status of final agency opinions.

section 3 of the Administrative Procedure Act.³ The authority for such a blanket denial of access to orders and opinions was removed by the Freedom of Information Act which took effect on July 4, 1967. Government agencies are now required to make available to the public their "final opinions, including concurring and dissenting opinions, as well as orders."⁴

The Board contends, however, that the opinions and orders in question are exempted from the Act's broad disclosure requirements because they include data submitted "in confidence" to the Board by defense contractors. The Board's argument is grounded in the statutory exemption for "(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential."⁵ This provision was designed to prevent the unwarranted

³ The Board's operations are excluded from the requirements of all parts of the APA except section 3. 50 App. U.S.C. §1221 (1964). Section 3 formerly permitted nondisclosure of orders and opinions which were "required for good cause to be held confidential." 5 U.S.C. §1002(b) (1964). The Board imparted secrecy to all its orders and opinions by employing the presumption that, as a matter of law, they all came within this exception. 32 C.F.R. §1480.8 (1967); 17 Fed. Reg. 254 (1952).

⁴ 5 U.S.C. §552(a) (2) (A) (Supp. IV, 1969). Cf. 32 C.F.R. §1480.5 (1969). The reason for requiring concurring and dissenting, as well as majority, opinions to be made public was that "five agencies—including . . . the Renegotiation Board—do not make public the minority views of their members," although the public is entitled to know the opinions of all agency members. H.R. Rep. No. 1497, 89th Cong., 2d Sess. 8 (1966).

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wanted invasions of personal privacy which might be caused by the Government's indiscriminate release of confidential information.⁶ The statutory history does not indicate, however, that Congress intended to exempt an entire document merely because it contained some confidential information.⁷ On the contrary, should data which falls within Exemption (4) appear in any Board opinion or order,⁸ both the Act and

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⁶ S. Rep. No. 813, 89th Cong., 1st Sess. 9 (1965).

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⁸ The "deletion" provision of the Act refers to "opinions" but not to "orders," because it apparently contemplates that "orders" are merely summary statements of agencies' final adjudicative action and are accompanied by "opinions" setting forth the agencies' principles and reasoning. See *Attorney General's Memorandum on the Public Information Section of the Administrative Procedure Act* 18 (1967). The renegotiation process clearly does not fit this pattern, since 90% of the Board's determinations are by order without opinion. In order to achieve the statutory purpose of disclosing agency action while concealing personal identity, the Board must be allowed to delete identifying details from its orders. Moreover, this protects the Congressional determination that there be two methods of renegotiation, voluntary "agreements" (orders) and unilateral Board determinations (orders with opinions), by giving the same anonymity to all orders as is given to opinions.

the Board's regulations⁹ recognize that the interests of confidentiality can be protected by striking identifying details prior to releasing the document.¹⁰ The District Court judgment, permitting appellee to deny the public all access to its orders and opinions, must therefore be reversed and the cause remanded to allow appellant access to the orders and opinions requested after appellee has made suitable deletions.

A request for the orders and opinions concerning a single contractor would clearly create a problem of confidentiality. In the present case this problem does not exist because appellant has requested orders and opinions relating to fourteen contractors, and their release en masse without identifying details will preserve anonymity. In the future, the Board can avoid the problem by deleting identifying details from each opinion or order and then making it available to public inspection as a matter of course. This procedure will fulfill the statutory mandate by exposing to public scrutiny the agency's discharge of its functions while protecting the privacy of the persons involved in the disposition of individual cases.¹²

⁹ 5 U.S.C. §552(a)(2) (Supp. IV, 1969); 32 C.F.R. §1480.5(c) (1969).

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II.

In addition to the orders and opinions, appellant also requested the Board to release "the reports, correspondence and data" in connection with Grumman's renegotiations for 65. There is no suggestion that these are not "identifiable records" within the meaning of §552(a)(3). In fact, the chairman of the Renegotiation Board inspected the material in question and divided it into four categories:

A. Letters and documents exchanged by Grumman and the Board;

B. Inter-departmental and inter-agency communications between the Board and other government agencies with respect to Grumman's performance on its renegotiable contracts;

C. Communications between the Board and a firm holding a renegotiable contract, concerning Grumman's performance as a subcontractor; and

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The parties agree that the documents in category (A) are available for inspection; appellant also states that it does not seek access to the advisory memoranda encompassed by category (D). Thus the parties appear in an adversary posture only as to the "performance reports" in categories (B) and (C).

Congress intended that §552 would make available to the general public any agency records "which would routinely be disclosed to a private party through the discovery

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process in litigation with the agency."¹⁴ In *Boeing Airplane Co. v. Coggeshall*,¹⁵ we held that the Board's investigatory and other factual reports were subject to discovery. Hence, the documents being sought by appellant are clearly available to it under the Act unless they are exempted by subsection (b).

The Board contends that such immunity from disclosure is provided by Exemption (4)'s protection of confidential commercial and financial information. This provision has been interpreted to encompass only information received from persons outside the Government.¹⁶ We concur in this reading of the statute.¹⁷ The plain language of the exemption—it applies only to "information obtained from any person"¹⁸—is reenforced by the statutory history, which indicates that the exemption was not meant to allow agencies to render documents "confidential" by passing them back and forth among themselves.¹⁹ On the other hand, in

¹⁴ H.R. Rep. No. 1497, *supra* note 4, at 10. Documents are available "if a court would 'routinely' order them produced in discovery proceedings," even though the agency might oppose production. *Benson v. GSA*, 289 F. Supp. 590, 595 (W.D. Wash. 1968), *aff'd sub nom. GSA v. Benson*, 415 F.2d 878 (9th Cir. 1969). While adopting "discovery" criteria as a gauge for availability, the Act removed the requirement that a party show "need" for a document; information is available equally "to any person." See Davis, *The Information Act: A Preliminary Analysis*, 34 U. CHI. L. REV. 761, 765-66 (1967).

¹⁵ 108 U.S. App. D.C. 106, 280 F.2d 654 (1960).

¹⁶ *Benson v. GSA*, *supra* note 14, at 594; *Consumers Union v. Veterans Admin.*, 301 F.Supp. 796, 803 (S.D.N.Y. 1969). Cf. Davis, *supra* note 14, at 787-92.

¹⁷ Cf. *Boeing*, *supra* note 15, at 113, 280 F.2d at 661.

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formation which is confidential in the hands of one agency retains its protected character in the hands of agencies to which it is subsequently furnished.²⁰ On remand, the District Court will have to determine, through *in camera* inspection,²¹ whether the inter-departmental communications involved in this case come within this narrow category.²²

This analysis does not apply, however, to the reports submitted by the prime contractor on Grumman's performance, since that material originated outside the Government. After examining those documents, the District Court must decide whether they contain commercial or financial information which the contractor would not reveal to the public and therefore are exempt from disclosure or are subject to release only after appropriate deletions have been made.

Reversed and remanded.

²⁰ For example, the Board is empowered to inspect income tax returns, and its regulations require that data derived from that source not be revealed. 32 C.F.R. §1480.2(c) (1969).

²¹ See *Ackerly v. Ley*, — U.S. App. D.C. —, — F.2d — (No. 22,665, Dec. 19, 1969); *GSA v. Benson*, *supra* note 14.

²² The Board initially also relied on 5 U.S.C. §552(b) (5) (Supp. IV, 1969) which protects agencies' internal policy memoranda, but it has since abandoned that contention.

Grumman cracks a silence barrier

Grumman Aircraft Corp., fighting to save \$7.5-million in profits made back in 1965, won a law case last week that pried open the files of one of the most secretive outfits in Washington, the U. S. Renegotiation Board.

Grumman will probably get most of the data it is seeking. Included is profit data of many of its competitors. But the board is sure to try to slam the files shut again, before anyone else gets a good look.

The board has always tried to move in mysterious ways. It keeps a lot of companies' secrets. Last year it examined \$48-billion worth of sales made to seven of the government's biggest spenders: the Defense Dept., the Atomic Energy Commission, the Na-

But can it force the U. S. Renegotiation Board to share its secrets?

tional Aeronautics & Space Administration, the General Services Administration, the Maritime Administration, the Federal Maritime Board, and the Federal Aviation Agency. It also scrutinized confidential financial reports that had been filed by 5,030 contractors and manufacturers.

Most of those who filed reports came off unscathed. But the board found that 82 contractors, mainly in defense work, had made "excessive" profits totalling \$21,350,413. And it got refunds of \$11,692,219 from 54 of them.

Grumman was one of the few that decided to resist the board's demands. Most of the companies that were challenged decided to pay up, perhaps only to avoid a long court fight and exposure of intimate corporate dealings. Many undoubtedly felt they were not equipped to argue with the board, since they lacked proof of the size of the competitors' real profit.

But Grumman fought and, in the District of Columbia's Court of Appeals last week, it won what could be an important victory. By the court's decision and before returning the money claimed by the board, Grumman has the right to look at:

- Renegotiation Board rulings on the profits of 14 other aerospace companies.
- Federal agencies' evaluation of Grumman's performance as a contractor.
- Concurring and dissenting opinions by which the Renegotiation Board ar-

rived at its decision on Grumman's profits.

Until now, the board has never released this type of information. Exceptions to its strict rule of secrecy have been made only when individual companies challenged one of its decisions in the U. S. Tax Court, which handles appeals from the board's decisions. Otherwise, board members even refuse to acknowledge that a company's profits have been questioned. They take this position on the ground that much of the information they have is confidential—protected both under the Internal Revenue Act and by rulings regarding "trade secrets."

Equalizer. Grumman won its appeal by basing its case on the 1967 Freedom of Information Act that calls for maximum disclosure of all government information unless it involves national security. Grumman maintained that it needed the information being held back by the Renegotiation Board in order to block the board from recouping \$7.5-million of the \$52.8-million that the company had made in 1965 on defense work.

In that year, Grumman officials say, they were flooded with Army and Navy orders for aircraft for use in Vietnam. And in that year, too, Grumman was supplying airframes to General Dynamics Corp. for the F-111B.

But it was Grumman's superior efficiency, the company contends, that made its profits jump more than 160%. Sales rose only 47%, it says, from \$554-million in 1964 to \$814-million in 1965.

Grumman insists that superior efficiency is one of the big factors the board must take into account before charging that profits are excessive. A profit of \$52.8-million on \$814-million is lower than many Grumman competitors, the company argues. It is even less than the profit-to-sales ratio of the defense industry as a whole.

Grumman's competitors are eagerly waiting to see how much information the company will get as a result of the court's order. Many aerospace executives believe that the Long Island-based company will get all the information it asked for. But before any information is released, it will have to be examined by a lower court judge to be sure it contains no commercial secrets. And the Appeals Court has also ruled that the Renegotiation Board can use a coded numbering system in the data to hide the identity of specific companies. But it probably would not be hard for any aerospace executive to figure out the key to such a system.

Meantime, the Renegotiation Board may still decide to fight the Court of Appeals decision. It can take the case to the Supreme Court.

Bystander. The first to benefit from Grumman's victory will be little Holly

Corp., of Azusa, Calif. It has a case similar to Grumman's pending in the Los Angeles District Court. The Renegotiation Board wants Holly to return \$3.3-million of the profits it made in fiscal 1961 and 1962 from operating oil product depots for the Defense Dept. Holly thinks its profits were fair and is also using the Freedom of Information Act to get the data it thinks it needs to prove its case.

Even if Grumman fails to win full disclosure, another case is coming up that could do the job. Seven senior law students at Georgetown University are suing the board to make public disclosure of all orders and opinions in a step-by-step reporting system. "If we win our case, we'll have the whole thing open," says Joseph Page, the students' teacher in a seminar called "Lawyring in the Public Interest." ■

EDUCATION

A new GI Bill for Vietnam vets

A new, broadened version of the GI Bill was headed toward Congressional passage this week as a House-Senate conference group came to agreement on its features—a 35% boost in basic benefit levels and a number of highly innovative provisions to attract educationally disadvantaged veterans to the groves of academe.

The measure grows out of concern over Vietnam veterans' half-hearted involvement in the government-sponsored educational program as compared with the enthusiastic participation of the education-hungry vets of past wars. Aided by the GI Bill, almost half of all World War II veterans en-

Black and disadvantaged vets have spurned the G. I. Bill's benefits

rolled in some sort of training program—including 450,000 future engineers, 360,000 future teachers, and countless aspiring doctors, lawyers, businessmen, salesmen, and mechanics. About 45% of Korean veterans also went back to school. By contrast, only about 23% of Vietnam's crop of ex-servicemen have made use of available educational benefits thus far.

Particularly disturbing has been the failure of black and disadvantaged GIs to seize the educational opportunities offered them. With the unemployment rate rising, some government officials feel their frustrations and anger could dangerously swell the tide of urban unrest. The GI Bill is viewed as an ideal

want a plane for their executives and individuals who use a plane for pleasure."

Companies specializing in the larger corporate aircraft are not immune to the slump. Grumman Aerospace Corp. plans to cut back its Gulfstream II production rate from three planes a month to two. North American says it expects its Sabreliner deliveries to stay level, and Lockheed is similarly optimistic about its Jetstar. However, there have been reports that some corporate owners of large planes are busy trying to lease them out.

As in the auto industry, some customers are buying down. McDonnell Douglas Corp. traded in its large corporate jet and bought a smaller model. "It suited our needs better," the aerospace company says. And buying down has helped some companies. Gates Learjet in Wichita has intensified its basic sales pitch which goes something like this: "Under these economic conditions, how can you justify to your shareholders and board of directors the purchase of a \$2-million jet? Buy ours for as little as \$800,000."

Learjet says its sales will be about the same as last year—some 61 aircraft. But even it has had to adjust production schedules. Until the latter part of last year, it had anticipated selling 75 to 90 planes and had geared up to do so.

Some companies are finding new strength in their international business. Learjet says it will sell more

their outlook. Cessna says the sales curve has leveled off and could start back up. But a North American spokesman says things will be bad "as long as money remains as expensive as this." ■

UNIONS

An economy wave stays the mails

Snow and rain were falling on New York City on Wednesday this week, but it was not the elements that stayed local postmen from the swift completion of their appointed rounds. It was a wildcat strike by Branch 36 of the National Assn. of Letter Carriers—the first strike against the post office in history.

Strike fever has been mounting among mail carriers since February, when President Nixon postponed federal employees wage increases from July 1 until Jan. 1, 1971. New York carriers complain that their wage scale—from \$6,176 to a maximum of \$8,442—is unrealistic and below that of city employees. Their demands include \$11,700 after five years of service, optional retirement after 20 years, and full government payment of pensions, health and life insurance premiums.

Pickets paraded in front of the city's post offices carrying signs protesting the fact that members of Congress recently gave themselves increases, while calling raises for other federal employees inflationary. The signs read: "Congress 41% increase, Postmen 0."

Rejection. In Washington, Postmaster General Winton Blount declared none of the demands negotiable. "We simply cannot tolerate a mail stoppage in this country," he said. With 30-million pieces of mail processed each day in New York, Blount decreed an embargo on postal service to avoid a massive glut. He promised that all mail boxes in the city would be sealed.

New Yorkers, accustomed to nearly daily service crises, treated the strike with normal resignation. The only sign of impact was a slight increase in the use of the telephone. But if the strike were to continue it would hurt hardest citizens who receive pension and welfare checks in the mail.

The U.S. Post Office is one of the country's biggest employers with a payroll of 750,000. Fearful that the strike could spread beyond the 6,400 New York carriers, the government obtained a court injunction against the walkout. Added to this, Blount said that employees who failed to show up for work without just cause would lose their daily pay. The strikers also are

threatened with losing their civil service status for violating a federal law against walkouts by government employees.

Union leaders seemed to have lost control of the membership. David Silverglass, president of the National Postal Union—parent of the New York local—refused to endorse the walkout unless it became a "national affair." But he added that "I think, frankly, there's no other method to bring this thing to the American public."

Though he opposes the strike approach, New York Postmaster John R. Strachen supports the local's demand for a cost-of-living differential for city postal workers. "I can't give a man a raise. Congress has to do it," he says.

Government unionism, particularly in the federal area, has been expanding fast in recent years, with encouragement from friendly Administrations. The last thing the unions want now is to have the present open doors closed even a little.

Postal unions, particularly, have been warily watching efforts to "reform" the postal service by setting up a corporation-like operation; to sweeten proposed legislation, the so-called reform bill includes a provision that would let unions negotiate a union shop clause—a provision that would require all postal workers to join a union if a majority of any branch vote for one. In an aroused Congress, that could go.

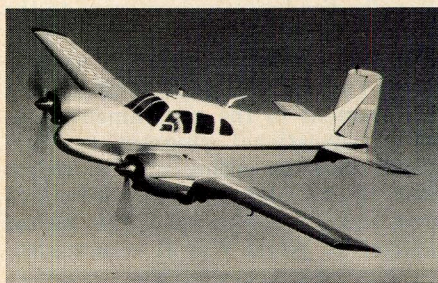
Other problems. But worries hardly stop at those directly involved. Labor generally is now beset by problems in Congress. Included are the President's recommendations, which labor opposes,

The strike may torpedo Postmaster General Blount's plan for postal reform

for transportation strike curbs, his proposals for a Congress-mandated settlement in the railroad shopcraft dispute, and most recently Attorney General John N. Mitchell's proposals for legislation that would impose further curbs on union leadership.

Chances are that Congress will be unimpressed by the strikers' demands. What is more, the strike may torpedo Postmaster General Blount's plan for postal reform—which includes provisions for higher wages for employees.

Presently the controversial bill is under scrutiny in both Houses. Blount's idea is to take patronage out of the Post Office and turn it into a government-owned corporation. But Congressmen may figure that once the Post Office is put on its own, strikes such as the one that threatened New York this week are likely to become a regular threat to the vital public service. ■



Tight money and high interest hurt sales of such planes as Beech's Twin-Bonanza.

planes in the overseas market this year, and January and February bear this out. In January, 80% of its sales were outside the U.S. and in February the mix was half and half. Says Beech's Hedrick: "Our overseas business is one of our bright spots. Our domestic business will be down this year, but our overseas business should be a little ahead."

Although the plane makers' plight resembles the auto makers, most light aircraft, fully equipped, carry even bigger "tickets." The cheapest private model is about \$3,000. From the little two-seater, prices move up steeply, and the bigger corporate jets like the Sabreliner run higher than \$2-million.

Industry executives are divided in

DATE August 12, 1969

TO: Director for Community Relations
Office of the Assistant Secretary of Defense (Public Affairs)
Room 1E-798, The Pentagon
Washington, D. C. 20301

Name of Organization: Grumman Aerospace Corporation
Headquarters Address: Bethpage, New York 11714 Phone: (516) LR 5-0574

Washington Office Address: _____ Phone: _____

Purpose of Organization (attached any organization brochures, charters, etc) _____
Aerospace manufacturer

Founded (date and place) 1929, Baldwin, Long Island, New York

Total membership 35,000

Organization publication: Title Plane News Frequency of
publication every two weeks Deadline date two weeks before publication

National Convention: Annual X Other _____ Date and location next convention

Annual Stockholders Mtg., Bethpage, N. Y. in May Estimated Attendance: 1,000

National Officers: (date of installation and term of office)

President or Commander See Attached Sheet
Principal Staff Officer _____
Public Relations Director _____
Defense Chairman _____
Washington Representative _____

We (do X do not _____) wish to receive the bi-monthly Commanders Digest.

We (do X do not _____) wish to receive additional selected Defense information materials.

Name of staff official, office and address of organization as desired on mailing list

J. B. Rettaliata
Public Affairs Dept.
Grumman Aerospace Corp. Bethpage, N. Y. 11714

By Kurt H. Miska
Title Product Information Manager