

14. (U) Ltr. 31 Oct. 1941
Fr: Brig. Gen. O.P. Echols
Chief, Mat. Div., Wash.
To: Under Secy War, Wash.
(File: Contract Files)

Chief, Mat. Div. (Wash.) submitted for approval Contract W535 ac-21393 covering the procurement of 500 A-26 airplanes, spare parts and data, one skeleton airplane, and one model airplane at a total price of \$78,264,003, including 6% fee. The unit cost of the A-26 was contrasted with the unit costs of other airplanes of the type as follows: the approximate cost of the A-20B was \$96,000; of the B-26, \$131,000; of the B-17, \$245,000; while the approximate cost of the A-26 was \$134,037. Mat. Div. considered the cost of the A-26 fair and reasonable as compared with those of the A-20 and of the B-26.

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WAR DEPARTMENT
OFFICE OF THE CHIEF OF THE AIR CORPS
WASHINGTON OCT 31 1941

SUBJECT: Contract W 535 ac-21393

TO: The Under Secretary of War

1. Forwarded herewith, recommending approval under provisions of Section 2(a) Act of June 28, 1940, Section 1(a) Act of July 2, 1940, and Section 9 Act of June 30, 1941, are three numbers of contract W 535 ac-21393 with Douglas Aircraft Company, Incorporated, Santa Monica, California, covering the procurement of 500 Air Corps Model A-26 Light Bombardment Airplanes, spare parts therefor and data, one Skeleton Airplane and one Model Airplane, Free Spinning, at a total estimated cost of \$78,264,093.00, fixed fee of 6% included.

2. Approval of subject contract is recommended for the following reasons:

- a. Essential to expedite accomplishment of the Defense Program and to be sure of the accomplishment of the Program.
- b. These airplanes are listed for procurement on Air Corps Program "B" 14,394 Modified as Light Bombers, 2-engine A-26 Douglas.
- c. The placing of this order as recommended will not overload other facilities manufacturing similar type airplanes and/or combat airplanes.
- d. The proposed requirement for the procurement of this type airplane has been allocated to the manufacturer deemed the best fitted to meet delivery requirements without overloading facilities or creating serious congestion.

The following is submitted in connection with this proposed procurement:

Douglas Aircraft Company, Incorporated is the designer and sole manufacturer of the particular airplanes being purchased.

Memo to: The Under Secretary of War
Subject: Contract W 535 ac-21393

- b. The estimated cost is considered fair and reasonable as compared with the Type A-20 airplane, since it is approximately 9 feet longer in span, $4\frac{1}{2}$ feet more in length and weighs approximately 40% more than the A-20 type airplane. And further, since the first 500 A-20 type airplanes were produced at a time when labor and material were at least 20% lower than at the time the A-26 type airplanes will be built. On the basis of weight and quantity, the estimated cost is considered fair and reasonable as compared with the Martin B-26 airplane.
- c. Two XA-26 airplanes procured on Contract W 535 ac-17946 were purchased at an estimated cost, on entire contract, of \$2,083,385.79: the first XA-26 airplane being estimated to cost \$1,220,849.91, without fee; the second XA-26A Airplane being estimated to cost \$732,788.00. Douglas' quotation for these airplanes was submitted in letter dated July 7, 1941, at \$132,823.00 each in lots of 500 plus 10% spares. Due to changes desired in the airplane, primarily, incorporation for provisions for torpedo carrying with the Contractor furnishing the torpedo director, a revised quotation was submitted in letter of July 30, 1941, at \$134,037.00 each, same compared with the following airplanes:

	Douglas A-20B	Martin B-26	Boeing B-17B	Douglas A-26
Gross Weight	20,579	28,340	37,810	26,700
Weight Empty	15,499	21,720	28,150	21,150
Approximate Cost	\$96,000	\$131,000	\$245,000	\$134,037
Dollars per pound				
Weight empty	\$6.20	\$6.10	\$8.70	\$6.35
(Quantities above				
2,900 combined (For Approx. (Without				
Army & British 1,200) fee)				
Purchases)				

- d. The contractor's letter dated July 30, 1941, on which the subject contract was negotiated, is forwarded herewith for ready reference.

4. Contract has been cleared through the Director of Purchases, Office of Production Management.

For the Chief of the Air Corps

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4 Incls.

1. Contract AC-21393 (in tripl)
2. Douglas ltr 7-30-41
3. Statistical Report
4. Press Release

O. P. ECHOLS,
Brig. Gen., U.S.A.,
Chief, Materiel Division.