Washington Connecticut Illinois Kansas Wisconsin

March 14, 2008

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressional Leaders:

Several weeks ago, the nation's governors met with President Bush at the White House and discussed, among other issues, the slowing economy and our shared interest in getting and keeping our citizens in good wage jobs to help stabilize the economies within our respective states. In the short time since that meeting, we have seen the largest monthly loss of jobs in five years, with the Department of Labor reporting 63,000 jobs lost in February alone.

Against this backdrop, the United States Air Force announced that it planned to award an estimated $35 billion contract for aerial refueling tankers to the European Aeronautic Defence & Space Company (EADS) and associate Northrop Grumman Corporation instead of the Boeing Company – an American firm poised to deliver a truly American product with the support of American suppliers from around the United States. If implemented, the decision would result in a net loss of thousands of potential American jobs, billions of dollars in tax revenue, an even weaker U.S. dollar, and a larger trade imbalance – all of which contribute to further endangering the long-term health of our economy. The Air Force's decision to award to a foreign-dominated conglomerate the largest Department of Defense (DOD) contract in decades, without considering the economic and trade repercussions for this nation, is disrespectful to the American people.

We commend Boeing for legally protesting the Air Force's decision to the Government Accountability Office (GAO). Serious and troubling concerns have been raised about the DOD process, its assumptions and analyses, and the final decision-making that led to this initial contract award. A first look suggests that the Pentagon's contract award and subsequent reports ignore the reality that Boeing and the EADS/Northrop team were assigned identical ratings across all five evaluations factors: (1) Mission Capability; (2) Risk; (3) Past Performance; (4)

Cost/Price; and (5) Integrated Fleet Aerial Refueling Assessment. Moreover, an objective review of the data as measured against the Air Force's Request for Proposals shows that Boeing had the better offering in terms of Most Probable Life Cycle Costs, lower risk and better capability. We believe that a thorough, careful investigation by Congress and other authorities will ultimately confirm these initial findings.

Handing over the tanker contract to a conglomerate dominated by a foreign company with no demonstrated historical capability of building such a tanker carries additional risks and problems not measured in the source-selection process. As the commanders-in-chiefs of the Air National Guard units in our respective states, we find it problematic that the Air Force failed to adequately consider the size of our nation's basing assets. Boeing answered the Air Force's call in the Request for Proposals appropriately by submitting in its bid a *medium sized* tanker. By selecting EADS, the Air Force apparently ignored its own request and undermined its own base infrastructure with an aircraft too large to utilize some Guard and Air Force hangars. The Pentagon should have considered these military construction requirements and other ancillary costs to the taxpayers.

Boeing has been a leader in the aerospace industry – an industry created by the United States – and is supported by innovative and technologically superior supply companies and dedicated workers throughout our states. For Boeing and other U.S. companies to continue to lead the global aerospace industry and create good paying jobs for Americans, Congress must hold the Pentagon accountable for flawed contract decisions. We stand ready to work with you and the Administration to ensure that the tanker selection process is truly transparent and fair so that this critically important contract award goes to the American company that best supports the U.S. military as well as the workers and taxpayers that are the foundation of our national security.

Sincerely,

Governor Christine O. Gregoire
Washington

Governor M. Jodi Rell
Connecticut

Governor Rod Blagojevich
Illinois

Governor Kathleen Sebelius
Kansas

Governor Jim Doyle
Wisconsin