

Pursue the Tanker Protest Aggressively

Boeing should pursue the protest of the award by the US Air Force of the KC-45A tanker to Northrop Grumman as aggressively as possible. Furthermore, Congressional hearings should also be pursued aggressively.

This is a complete about face of our previous positions. Here's why:

Once Boeing filed the protest, a move we did not support, and Boeing explained its reasoning, it's clear that there is a real disconnect between what the public has been hearing from the Air Force, Northrop, aerospace analyst Loren Thompson, whose close ties to the Air Force and his information published became the focus of some criticism, and what Boeing understands from its debrief.

Northrop, the Air Force and Thompson said the win by Northrop for its KC-30 wasn't even close. Boeing says not only was the win not close, Boeing's KC-767 actually outscored the KC-30 in several areas. Furthermore, Boeing claims the process was changed, sometimes without the Air Force telling it, during the evaluation. These changes, Boeing said, were designed to keep Northrop's KC-30 in the competition.

Here's what Boeing said in its press release issued when the protest was filed on March 11:

Boeing is asking the GAO to examine several factors in the competition that were fundamentally flawed:

- The contract award and subsequent reports ignore the fact that in reality Boeing and the Northrop/EADS team were assigned identical ratings across all five evaluation factors: 1) Mission Capability, 2) Risk, 3) Past Performance, 4) Cost/Price and 5) Integrated Fleet Aerial Refueling Assessment. Indeed, an objective review of the data as measured against the Request for Proposal shows that Boeing had the better offering in terms of Most Probable Life Cycle Costs, lower risk and better capability.
- Flaws in this procurement process resulted in a significant gap between the aircraft the Air Force originally set out to procure -- a medium-sized tanker to replace the KC-135, as stated in the RFP -- and the much larger Airbus A330-based tanker it ultimately selected. It is clear that frequent and often unstated changes during the course of the competition - including manipulation of evaluation criteria and application of unstated and unsupported priorities among the key system requirements -- resulted in selection of an aircraft that was radically different from that sought by the Air Force and inferior to the Boeing 767 tanker offering.
- Because of the way the Air Force treated Boeing's cost/price data, the company was effectively denied its right to compete with a commercial-derivative product, contrary not

only to the RFP but also to federal statute and regulation. The Air Force refused to accept Boeing's Federal Acquisition Regulation-compliant cost/price information, developed over 50 years of building commercial aircraft, and instead treated the company's airframe cost/price information as if it were a military-defense product. Not only did this flawed decision deny the government the manufacturing benefits of Boeing's unique in-line production capability, subjecting the Air Force to higher risk, but it also resulted in a distortion of the price at which Boeing actually offered to produce tankers.

- In evaluating Past Performance, the Air Force ignored the fact that Boeing -- with 75 years of success in producing tankers -- is the only company in the world that has produced a commercial-derivative tanker equipped with an operational aerial-refueling boom. Rather than consider recent performance assessments that should have enhanced Boeing's position, the Air Force focused on relatively insignificant details on "somewhat relevant" Northrop/EADS programs to the disadvantage of Boeing's experience.

As detailed as the above is, this really doesn't do justice to the full thinking of Boeing. James Wallace of *The Seattle Post-Intelligencer* posted the 64 minute audio of the conference call with reporters and analysts held to explain why Boeing protested. This audio may be found here:

<http://blog.seattlepi.nwsource.com/aerospace/archives/134023.asp>

In the call, Mark McGraw, vice president for the tanker program, and other Boeing executives detailed their reasoning. Some of the highlights of the hour-long call:

- It was a "very close competition: where mistakes in just one or two things could change outcome;
- Modeling changes were made designed to keeping NGC in game while lowering the Boeing score;
- Boeing believes, as it as said throughout the process, that the KC-767 has significantly lower operation and fuel burn cost;
- Boeing claims "real world" operational use of bases and restrictions were ignored in assessing the larger KC-30;
- Boeing's bid was lower than \$35 billion contract awarded to NGC. (We'll note on this one that the Air Force said on several occasions that the lowest price wouldn't necessarily win the bid. This was widely interpreted as telling Northrop that it could bid a low price, a bow to the expectation that Airbus would offer an incredibly low cost for the airframe, but that Boeing might still get the contract. Pundits, including us, misread this one.);
- In relation to the preceding point, Boeing was "very aggressive on this airplane" on price.
- Boeing understood that the Air Force wanted a plane that was a "better fit with current tanker force," so service would not have to build new ramps, taxiways and other infrastructure. "This is an example where we don't agree with how they evaluated our proposal," McGraw said;
- Mistakes were made in the evaluation process, conclusions were inconsistent with data during the life of the program and misleading information was provided Boeing;

- During the course of the evaluation “we got no information the customer wanted a different airplane” than a medium-sized tanker;
- “We were surprised at the value that was placed on the extra capacity;”
- “We exceeded the requirements on fuel off load, cargo, passenger capacity and aeromed capability, so we had no reason to believe we had an aircraft that was undersized;”
- “We modeled our competitor and saw that KC-30 was not able to complete some of the missions. The Air Force changed model to allow aircraft to be parked closer together, with unrealistic assumptions about strength of ramps and taxiways. They disconnected this assessment from the real world and had to do these changes to keep Northrop in the competition;”
- Proposed remedy: “we’d love to get the decision overturned but we’d really like to get clarity in the process. If you’re in a mode where you can’t believe the requirements by the customer....it would be very difficult to propose on a new commercial product. Part of this is enhancing this process for the future as well as correcting this.”

There’s a lot more in the audio of the conference call. It’s well worth listening to.

Northrop, as can be expected, disagrees with everything Boeing said.

With the huge disconnect and the Boeing assertions, there is only one way to resolve the issue and to provide affirmation, modification or rejection of the process and decision, and that’s to aggressively pursue the protest. Anything less will leave a cloud of doubt hanging over the Air Force’s decision and continue to subject the award to Congressional, labor and public criticisms. Even if the Government Accountability Office, with which Boeing filed the protest, affirms the award, it’s unlikely to completely quell the criticism because of the political ramifications that have enveloped this process from the start of the competition.

Parallel Track

Throughout the technical evaluation, there has been a parallel track of a political and public relations effort, kicked off by Boeing that served to inflame the competition and muddy the merits of the case.

We’ve been intensely critical of Boeing’s public and political relations effort, even while admiring its strategy and effectiveness. Throughout the competition, Boeing raised principally four issues: the international trade dispute between the US and Europe over allegations of “illegal” subsidies to Airbus; jobs created by its tanker (more for the KC-767 vs. fewer with the KC-30); US vs. foreign content (Boeing claims 85% for its airplane, Northrop claims 58%; Northrop also claims the KC-767 has 69% US content, not 85%); and the American flag vs. the French flag.

None of these issues, by law, could be considered by the Air Force in its technical evaluation. It was clear that Boeing’s strategy in raising these was to build a political and

public base in case it *did* lose the contest—which nobody expected, including us. As it turned out, this was a brilliantly executed Plan B.

The political and labor firestorm that erupted when Northrop was awarded the contract was a conflagration. Although throughout the competition, Boeing and its supporters in Congress talked about doing what's best for the war fighter (presumably selecting the KC-767), the firestorm of criticism revolved around the four issues Boeing hammered into the public, the politicians, the newspaper op-ed pieces and labor. The war fighter has been totally forgotten in the current debate.

In the 10 days that followed the award, the politics got worse. It was revealed that several EADS officers (EADS is the parent of Airbus, maker of the A330-200 on which the KC-30 is based) contributed to the presidential campaign of Senator John McCain. McCain, of course, killed the original contract award to Boeing in 2004 following revelations of illegal actions by Boeing and an Air Force procurement officer who went to work for Boeing after awarding the first tanker deal to the company. Boeing CEO Phil Condit resigned as a result of the scandal and Boeing paid hundreds of millions of dollars in fines in connection with it. A top Air Force also resigned. The procurement official, by then a Boeing officer, and Boeing's chief financial officer, went to jail.

McCain also pressured the Air Force to drop language about the trade dispute from the Request for Proposals. US Rep. Norm Dicks (D-WA), who frequently acts as if he was elected to Congress by Boeing rather than his constituency, has been harshly critical of the elimination of this language. So has Boeing's other leading member of Congress, Sen. Patty Murray (D-WA).

(Disclosure: we supported Murray in each of her elections since we've been a resident of Washington State and we support her on most issues. Her opposition to this tanker award and to Airbus in general, however, has been embarrassingly shrill and over-the-top on the facts. Dicks is not our Congressman; ours is the lightweight Republican Dave Reichert whose knowledge and support of Boeing if anything is pretty much confined to flying between the two Washingtons on a 737.)

Then it was revealed that leaders in the McCain campaign were previously lobbyists for EADS.

We don't think either revelation is meaningful or relevant. First, the EADS contributions amounted to a mere \$20,000—hardly enough to buy influences, as the innuendo suggests. If McCain can be bought for a mere \$20,000, then the USA will have bigger problems with him if he's elected president than this tanker program. Overlooked in this brouhaha is that at least one if not more Boeing executives also contributed to McCain's campaign. (Presumably Boeing is a big contributor to Patty Murray and Norm Dicks, too, which if the influence-peddling innuendo were applied equally, then these two Members of Congress should be targets of similar stories.)

With respect to the lobbyists, McCain's campaign said he was not lobbied by these advisors on the tanker and most terminated their relationship with EADS prior to joining the McCain campaign. It's not clear when one terminated his relationship with EADS, before or after he joined McCain's campaign; there have been conflicting accounts.

And for the record, Boeing's lobbying arm in Washington (DC) makes the Northrop/EADS efforts pale by comparison.

We consider these two issues to be non-starters on the merits, but as far as appearances go (which often count far more than the facts), in Washington, appearances count for everything. For "Mr. Clean" McCain to have been ensnared in the EADS connection simply doesn't *look* good and opens him, and the tanker award, to the criticism that's been leveled by labor, Boeing supporters and the Democrats. They blame McCain for the loss of the tanker contract. Norm Dicks goes so far as to blame McCain for the removal of the trade dispute language from the RFP and charges this action alone resulted in the loss for Boeing.

Dicks is correct on the first part of that statement but not on the second. Furthermore, McCain was right.

As we wrote a Reader who e-mailed us on this issue:

The original language asked the submitters (Boeing and NGC) to assess what the penalties would be if found "guilty" by the WTO. At that time, the cases hadn't even been argued, let alone decided and penalties were anyone's guess. Furthermore, there was no guarantee that if any penalties were assessed, they'd be enforced or even applied to aerospace. Under WTO rules, penalties may be applied to *any* industry. I could just see Europe applying the penalties to Washington apples and the US to French wines. In the case of the WTO adjudication of Embraer and Bombardier, the WTO found both parties guilty (which is what I think will happen in the Airbus-Boeing WTO case) and neither country imposed any penalty. The original question was impossible for Boeing or NGC to answer and absurd to include. The clause finally included was that the costs of any penalties assessed could not be passed on to the AF. This was the proper action.

It's disappointing, and in our view irrelevant, that Boeing has raised this issue in its GAO protest (See *The Wall Street Journal* article, linked on our website under News Articles). Even if the allegations of "illegal" subsidies are correct—and the WTO has yet to rule on the issue—the loans on the A330 have been repaid. Furthermore, one could take the view that it's about time American taxpayers benefit from European taxpayers subsidizing Airbus through a lower-priced offering than that offered by Boeing. That is, if one were to carry this whole debate to its illogical conclusion.

The McCain critics also ignore that Boeing's own illegal actions blew the first deal. We don't support McCain for president, so we have no reason to be an apologist of or a defender for him, but the critics—and especially the Democrats—are off base on the WTO angle in addition to the contributions and lobbying stuff.

And then there're jobs

Jobs have been a huge part of the debate, both during and after the competition. Boeing and its supporters made jobs creation a centerpiece of the campaign during the evaluation period and the “loss” of jobs after Northrop won the deal, based on a French airplane. This is rooted in the long campaign statements by Boeing and Northrop. Boeing claimed its tanker would produce 44,000 direct and indirect jobs in the US, based on 85% US content for its 767. Northrop claimed 25,000 jobs for its KC-30, based on 58% US content. By awarding the contract to Northrop, Boeing supporters claimed the loss of 19,000 US jobs.

This is where this element of the debate took a very odd twist.

Last Tuesday (March 11), the same day Boeing filed its protest, Northrop issued a press release that said it recalculated the direct and indirect US jobs that would be created by its tanker program and doubled the number, to 48,000 from its long-held previous position.

The timing and the figure are remarkable on two counts. First, the announcement smacks of desperation following the political firestorm in the wake of the award in which jobs “lost” to Europe is one of the centerpieces. That the argument is specious is beside the point; it’s got political traction and that’s all that matters “inside the Beltway” in Washington.

Second, throughout the tanker competition, Boeing claimed its KC-767AT would produce 44,000 jobs. Since Northrop’s calculation during the same time was that its tanker, the KC-30, would produce 25,000 jobs and its analysis of the KC-767AT, using a Department of Commerce (DOC) formula, would also create 25,000 jobs, Northrop undertook a public relations campaign to discredit the Boeing number. This campaign included the national, regional, local and trade press—and us. Among other things, Northrop pointed out that four years ago Boeing claimed 18,000-20,000 jobs for the KC-767 then 30,000 three years ago.

Northrop’s methodology resonated, particularly since Boeing refused to disclose how it came up with its jobs figure despite questions from us and reporters. Boeing did say that it used the DOC formula in response to a reporter’s question at one briefing. Boeing told us that it had spent about a year calculating their figure, that it was a conservative number, and that they were confident of it. But without “showing the math” (to use Northrop challenge), we didn’t buy into the number at face value. But neither did we take Northrop’s word at face value, either, for it was hardly a disinterested party.

We researched jobs Boeing said were created with the commercial 767 and the military C-17 programs. In 2001, Boeing delivered 36 767s, a production rate two- to three-times that proposed for the KC-45A. Boeing said this program supported 22,000 jobs. The C-17, built entirely in the US (major structures of the 767 are built off-shore) and produced at the rate of 18 a year (the top-end estimate of the KC-45 production rate) supported 25,000 jobs, Boeing said.

All-in, given these jobs figures, the Northrop argument citing the DOC formula, and Boeing's refusal to show the math made Boeing's job figures highly suspect, in our judgment.

Northrop's efforts to discredit the Boeing number led to the assertion that either Boeing's figure was grossly inflated or Boeing had become incredibly inefficient. Spokesmen at Airbus and EADS North America, relying on the Northrop analysis, privately joined in on this line of reasoning. Given the data Airbus and EADS relied on, the statements weren't unreasonable.

Now, in the midst of the political firestorm, Northrop doubled its own number and it trumps Boeing's figure.

As we noted on our companion website (www.leehamnews.wordpress.com) last Tuesday, "What the hell?"

Here's the story.

Northrop had this to say in its press release about how they came up with a new number:

"In the early stages of the proposal process, we employed a conservative model developed by the U.S. Department of Commerce to estimate the number of jobs our offer would generate," said Paul K. Meyer, Northrop Grumman vice president of Air Mobility Systems and KC-45A program manager. "Having won the program we have received more detailed data from our U.S. supplier base and have applied a U.S. Department of Labor employment projection model that includes an indirect job multiplier factor. This factor uses specific regional and state job projection criteria, providing a more accurate job projection number."

In the context of the merits of the Air Force's decision, the entire jobs issue is irrelevant. By law, it's not part of the analysis and the Air Force couldn't consider the issue. The jobs issue is entirely a political football.

We pressed Northrop about this. Broadly, here's what Northrop had to say.

Early in the process, Northrop relied on the DOC formula to calculate jobs. This formula generally takes a stated value of a project times the US content and using a jobs formula calculates the direct and indirect jobs generated by a project. In Northrop's case, the number came to 25,000. Using the same formula, Northrop calculated the KC-767 job creation at about the same instead of the 44,000 suggested by Boeing. Other than telling a reporter that it also used the DOC formula, Boeing never offered an explanation for the discrepancy of 44,000 vs. 25,000 jobs.

Boeing initiated a state-by-state jobs benefit press release campaign that was, as we've said before, was brilliantly executed. Northrop didn't follow suit until many months later.

When we saw Northrop’s press releases, we were struck by the large number of jobs being cited and though these seemed high—but consumed by other things at the time, we didn’t pursue it.

In our discussion with Northrop last week, officials told us that by the time they started issuing their own state-by-state jobs press releases, they had identified supplier contractors and talked with each of 230 of them about jobs—and Northrop started using the Department of Labor jobs calculator, which is more detailed than the DOC formula. The DOL formula allows specific state and specific industry analysis.

The DOL formula also varies with respect to indirect jobs. While DOC uses a 1:1 ratio of direct to indirect jobs, the DOL formula uses a 1:1.1 to as much as 1:4, depending on the state, Northrop tells us.

Now here’s where it really gets interesting and sounds odd. As Northrop was issuing the individual releases, officials tell us that nobody in Northrop totaled up the new numbers—they stuck with the original 25,000 figure. People were too busy on other tanker issues to do the math, they said, until after the award. Officials told us they only began adding up the numbers when they got calls from Members of Congress asking how many jobs would be created in their specific districts. (So much for the benefit of the war fighter.)

An EADS official told us he didn’t do it, either. Neither did we, even though we had a fleeting thought about the increase in numbers at the time the releases were issued.

Whether the Reader wants to believe any of this is up to you, but that’s the story behind it all.

Northrop offered to provide us with the district-by-district breakdown; we declined that but did take their state-by-state calculation provided to Members of Congress. This is below.

State	Code	Jobs Created (direct)	Jobs Created (direct+ indirect)
ALABAMA	AL	1,637	4,797
ALASKA	AK	1	2
ARIZONA	AZ	1,022	4,041
ARKANSAS	AR	1	3
CALIFORNIA	CA	1,574	7,553
COLORADO	CO	31	104
CONNECTICUT	CT	19	68
DELAWARE	DE	1	4
FLORIDA	FL	529	1,576
GEORGIA	GA	52	174
HAWAII	HI	-	-
IDAHO	ID	1	4

ILLINOIS	IL	1,132	4,326
INDIANA	IN	238	576
IOWA	IA	76	171
KANSAS	KS	167	633
KENTUCKY	KY	193	549
LOUISIANA	LA	1	2
MAINE	ME	2	4
MARYLAND	MD	911	2,824
MASSACHUSETTS	MA	69	218
MICHIGAN	MI	1,089	2,725
MINNESOTA	MN	191	502
MISSISSIPPI	MS	67	196
MISSOURI	MO	2	9
MONTANA	MT	1	2
NEBRASKA	NE	1	2
NEVADA	NV	2	4
NEW HAMPSHIRE	NH	215	613
NEW JERSEY	NJ	39	125
NEW MEXICO	NM	375	1,767
NEW YORK	NY	353	1,132
NORTH CAROLINA	NC	548	1,486
NORTH DAKOTA	ND	1	2
OHIO	OH	621	2,353
OKLAHOMA	OK	112	466
OREGON	OR	253	678
PENNSYLVANIA	PA	187	808
RHODE ISLAND	RI	2	6
SOUTH CAROLINA	SC	3	11
SOUTH DAKOTA	SD	1	3
TENNESSEE	TN	1,335	3,818
TEXAS	TX	40	177
UTAH	UT	83	219
VERMONT	VT	157	448
VIRGINIA	VA	16	51
WASHINGTON	WA	653	2,729
WEST VIRGINIA	WV	138	362
WISCONSIN	WI	4	12
WYOMING	WY	1	2

TOTAL	14,147	48,337
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Northrop also published a full page advertisement in The Washington Post detailing the 230 suppliers in 49 states that will participate in the design and construction of the KC-45. A portion of this ad is reproduced below.

Northrop also told us that every time the opportunity arises to replace a non-US supplier with a US company, it will do so, with a goal of crossing the 60% US domestic content

threshold. This also has the benefit of reducing the Euro-cost basis of all things EADS, a goal of the company.

230 U.S. Supplier Companies — 49 States				
ALABAMA Airbus EADS North America Engelhard Specialty Chemicals (BASF) GKN – Westland Aerospace, Inc. Goodrich KBR PPG Industries Thompson Engineering	Thermal Structures Inc. Transdigm Adelwiggins Group Viasat	KENTUCKY Andrews Laser Works Ellison Surface Technologies GE Turbine Airfoils Parker Seal Parkway Products	Luminescent (LSI) New Hampshire Ball Bearing Smiths Tubular Systems	OKLAHOMA Northrop Grumman Technical Services
ALASKA Northrop Grumman Technical Services	COLORADO GE Polymershapes General Aluminum Forgings Goodrich Corporation	LOUISIANA Haynes International, Inc.	NEW JERSEY Avionic Instruments Breeze Eastern Groupe H.T.M. (Fortech) Kulite Semiconductor Products, Inc. Meca Electronics RS Microwave Co., Inc.	OREGON Planar Systems Precision Castparts Corp.
ARIZONA American Aerospace Tech Castings Goodrich Honeywell Intec EDM L3 Communications Parker Seal	CONNECTICUT AGC Inc. Alinabal Corp. B&F Machine Columbia Manufacturing Kamatics Westport International	MAINE Prescott Metal Stewards Fire Extinguisher Svc.	NEW MEXICO GE Fan Cases Honeywell Sun Country Industries	PENNSYLVANIA Carpenter Technology SPS Technologies Timet
ARKANSAS Triumph Fabrications	DELAWARE Adams Parts, Inc.	MARYLAND Middle River Aircraft Systems Northrop Grumman Electronic Systems PerkinElmer Fluid Sciences	NEW YORK Ametek Thermal Systems, Inc. Avox Systems Chromalloy New York Cox & Co. Gray Syracuse Moog Inc. Northrop Grumman Integrated Systems Orkal Industries Telephonics W. S. Wilson Corp.	RHODE ISLAND Tri-Mack Plastics
CALIFORNIA ACRA Aerospace Air Master Prod. Corp. Alcoa Ametek Aero Argo Tech Avitank Mfg., Inc. Barry Controls Carlton Forge Works Cast Parts Inc. Circle Seal Controls City Wire Cloth Dowkey Easterline Mason Eatons Aerospace Corp. Fischer Custom Communication GKN Aerospace Chem-Tronics Goodrich Aerostructures Group Hartwell Corp. Hexcel Composites Hi-temp Insulation Honeywell Independent Forge Co. ITT Aerospace Controls Division Jet Manufacturing KGS Kirckhill Rubber Co. Meggitt Safety Systems, Inc. Morton Manufacturing Northrop Grumman Integrated Systems Northrop Grumman Mission Systems PAC Industry Pacific Scientific Parker Peritaccon Aerospace Group Phoenix International PSI Bearings RBC Transport Dynamics Schlosser Forge Co. Stillman Seal Synergy Microsystems Teledyne	FLORIDA ABA Industries BRPH Companies Inc. EADS North America Gables Engineering GE Kam Specialties L3 Communications Northrop Grumman Integrated Systems Northrop Grumman Technical Services Pall Aeropower Corp.	MASSACHUSETTS Ametek Aerospace B&E Tool Berkshire Manufactured Products Bomco, Inc. Fenwal Safety Systems, Inc. Hansen Engineering & Machinery Northrop Grumman Information Technology Palmer Manufacturing Titeltech Turbine Component Services Goodrich Wyman-Gordon Forgings	NORTH CAROLINA AAR Cargo Allvac Engine Assemblies Allvac Titanium Cincinnati Thermal Spray GE Assemblies GE Disks Goodrich	SOUTH CAROLINA Phoenix Specialty Mfg.
IDAHO Bamcorp	GEORGIA Millennium Solutions, Inc. Parker Hannifin RCF Seals & Couplings TIG Hitco Vought	MICHIGAN Barnes Aerospace Eaton Aeroquip Eaton Aerospace Flexfab LLC GE Howmet Corp. Moeller Manufacturing Parker Rolled Alloys	NORTH DAKOTA Kildeer Mountain Mfg.	SOUTH DAKOTA MJ Specialties
ILLINOIS Abrasive Form Danville Metal Stamping Hamilton Sundstrand MPC Northrop Grumman Electronic Systems NTN Bearing Corp. of America	INDIANA Alcoa BAE Systems Controls Honeywell L&E Engineering Morris Machine Praxair Surface Technologies Reeder & Kline Machine	MINNESOTA Goodrich Honeywell	OHIO Barnes Aerospace Byron Products Cincinnati Thermal Spray Ferro Tech GE Engines GE Frames & Shafts GE Tubes Goodrich Goodrich-Ice Protection System Division Graphel Corp. Honeywell Metal Improvement Co. Northrop Grumman Information Technology Ohio Gasket & Shim Parker PCC-Airfoils Co. QC Labs RTI International, Inc. Tool Sales & Service TW Metals US Aeroteam US Chrome Corp.	TENNESSEE Aircraft Safety Vought Aircraft Industries
IOWA Alcoa Rockwell Collins	KANSAS Arrow Electronics Honeywell	MISSISSIPPI Eaton Aeroquip	UTAH Barnes Aerospace Hexcel Klone Precision Casting Parker	TEXAS Chelton Honeywell Knight Aerospace Texas Almet Wyman-Gordon Forgings
KENTUCKY Andrews Laser Works Ellison Surface Technologies GE Turbine Airfoils Parker Seal Parkway Products	LOUISIANA Haynes International, Inc.	MAINE Prescott Metal Stewards Fire Extinguisher Svc.	VERMONT GE Airfoils Goodrich	VIRGINIA EADS North America Euro-Composites Corp. Mecaero Products
MAINE Prescott Metal Stewards Fire Extinguisher Svc.	MARYLAND Middle River Aircraft Systems Northrop Grumman Electronic Systems PerkinElmer Fluid Sciences	MASSACHUSETTS Ametek Aerospace B&E Tool Berkshire Manufactured Products Bomco, Inc. Fenwal Safety Systems, Inc. Hansen Engineering & Machinery Northrop Grumman Information Technology Palmer Manufacturing Titeltech Turbine Component Services Goodrich Wyman-Gordon Forgings	WASHINGTON Accra Mfg. ELDEC Corp. Exotic Metals Forming Co. Honeywell Kaiser Aluminum	WEST VIRGINIA Alcan EADS-CASA Sargent Fletcher Star Technologies
MASSACHUSETTS Ametek Aerospace B&E Tool Berkshire Manufactured Products Bomco, Inc. Fenwal Safety Systems, Inc. Hansen Engineering & Machinery Northrop Grumman Information Technology Palmer Manufacturing Titeltech Turbine Component Services Goodrich Wyman-Gordon Forgings	MICHIGAN Barnes Aerospace Eaton Aeroquip Eaton Aerospace Flexfab LLC GE Howmet Corp. Moeller Manufacturing Parker Rolled Alloys	MINNESOTA Goodrich Honeywell	WISCONSIN Ladish Metaltek International	WYOMING Aviat Aircraft, Inc.

KC-45A (KC-30) Supplier Base: Source, Northrop Grumman

Although we fully expected a protest by the loser, whoever it was, and expected the battle to continue to Congress, we didn't support either approach. But given the political realities, what's happened is no surprise. Given these realities, a full, aggressive protest and set of Congressional hearings should be pursued. Only then will all the questions presumably be answered by all the parties involved. Only then will the integrity of the selection process be validated or not.

By Scott Hamilton, March 18, 2008