

Dear Sisters and Brothers,

Last week, the Government Accountability Office (GAO) issued its findings with regard to the bidding process for the KC-X aerial refueling tankers – one of the largest US military contracts in history, worth an initial \$35 billion with a potential value upwards of \$100 billion. The GAO cited "...significant errors that could have affected the outcome of what was a close competition between Boeing and Northrop Grumman," overwhelmingly upholding Boeing's contention that the bidding process followed by the USAF was inherently unfair. The GAO has urged the USAF to re-bid the contract.

When the contract award was first announced last February, IAM members across the country were astounded – even outraged – that such an award would go to a company partnered with Airbus parent company EADS, with the bulk of airplane manufacture to be performed overseas. Northrop Grumman/EADS promised ever-changing job creation numbers and a 2000 person plant that has not yet been built in a right-to-work (for less) state. A report issued by the Economic Policy Institute (EPI) concluded: "Boeing would likely create at least twice as many U.S. jobs as NG/Airbus under the \$35 billion contract, according to EPI economist Robert Scott. The difference amounts to 14,000 positions. In addition, the contract will give the winning bidder sizable advantages in future competitions." <http://www.epi.org/content.cfm/bp218>.

IAM members like yourselves mobilized across the country in a grassroots effort to ensure the review occurred, and that your Senators and Congresspersons from every state were aware of the potential impact to US manufacturing jobs, national security concerns and the economic effects of awarding the contract to NG/EADS. The USAF admitted outright that they did not consider jobs when reviewing the contract bids, and you spoke up and told your representatives how flawed that lack of consideration really was. Thank you for your efforts!

The battle, however, is not over. Many representatives stayed "on the fence," awaiting the GAO decision and recommendation. It's time we mobilize again, by re-contacting your representatives. Any fair viewing of the facts indicates Boeing already won the bid. Please urge Congress to press for an immediate award of the contract to Boeing. Boeing is ready to begin production immediately on these much-needed tankers, already possessing a full manufacturing and assembly line and highly skilled IAM members producing the 767 tanker for other countries – there is no need for further delay. If they must re-bid then urge them to force the USAF to use the same initial proposal criterion as the original RFP for a mid-size refueling aircraft that fits the current base footprint – this time with accurate numbers, true transparency and with consideration of the impact to US technology, skills and the manufacturing base that made our country

strong. The GAO cannot force the USAF to re-bid the contract; they can only recommend it. But Congress can de-fund the initial budget proposal and force the re-bid if the USAF chooses to proceed regardless.

I realize we represent members at Northrop Grumman. They work hard each and every day, just like Boeing employees do. However, with Northrop's partnership with EADS, it simply makes more sense in so many areas to ask for justice, justification, jobs and fairness to all of us, as taxpayers. Without any doubt, during the sale of our Aerojet's Monrovia facility IAM legislative action was of great benefit to Northrop and more importantly our members working in the facility. Proposals to clean-up the site to residential standards would have made the sale impossible, causing a full plant closing.

The Air Force response to the GAO is due in 60 days. Congress has a recess for the July 4th holiday and a summer recess in August. Immediate action is absolutely necessary. The clock is ticking. Contact your representatives again today – by phone, face-to-face when they are back in District, even in D.C. Ask them what their position is now that the GAO has issued its report and submit those results back to the Western Territory.

Thank you in advance for your critical efforts!

In solidarity,

Lee Pearson
Western Territory General Vice President