Boeing responds to U.S. News and World Report story

Boeing submitted the following letter today to U.S. News & World Report after publication of a feature story in the Sept. 8th edition:

To The Editor:

In July, the U.S. Air Force presented to the United States Congress a proposal for the lease of 100 new airborne refueling tanker aircraft to upgrade America's 40-year-old tanker fleet. Your article on the negotiations between the Air Force, the Office of Management and Budget and Boeing that preceded that report provides a very misleading account. It takes information out of context in a way that unfairly maligns the reputation and professionalism of many outstanding and dedicated individuals who took part in those negotiations.

The 160,000 employees of Boeing are proud of their reputation for integrity, quality and excellence. Over the past 90 years, Boeing has emerged as the world's leading aerospace company and a top U.S. exporter. Our men and women include some of America's most dedicated and innovative scientists and engineers. Thanks to them, Boeing has been at the forefront of American competitiveness for decades -- a fact reinforced by the recent delivery of Boeing's Dash 80 to the Dulles Annex of Smithsonian's Air & Space Museum. The Dash 80 is the 1950s prototype for the Boeing 707 and the Air Force's KC-135 tanker -- the very aircraft the Air Force, nearly 50 years later, is now trying to replace.

The need for the new tanker is clear. Airborne refueling tankers have become an indispensable tool for our military, from Kosovo to Afghanistan to Iraq. Yet the oldest KC-135s are expensive to maintain and nearly twice as old as many of the men and women who fly them. The proposed lease of new 767 tankers, which has already gained the approval of the Department of Defense, OMB and three of four required Congressional committees, was specifically designed to bring the needed capability to the Air Force sooner than a purchase would allow.

Congress initiated the tanker leasing discussion in 2001, and since that time, the lease has received exhaustive scrutiny from both in and outside the U.S. government. While early Congressional Budget Office estimates predicted that the lease would cost at least $31 billion, the final negotiated figure is actually $16.6 billion -- only about half the original CBO estimate. And that doesn't even count the $5.5 billion the Air Force will save in maintenance and upgrade costs by retiring the older tankers sooner -- a savings your reporters did not mention. We are concerned that none of the detailed, verified financial data we provided to your reporters made it into your story.

Finally, the article asserts that Boeing may have received proprietary pricing information from an Air Force official during the negotiations, citing one out-of-context sentence taken from a Boeing e-mail. The correspondence actually recalls the details of a standard debriefing following the Air Force decision to proceed with negotiations for 100 767 tankers -- in this case, an Air Force official was telling Boeing that even though we had won the competition our price would have to come down.

What the e-mails you quoted out of context really show are committed people on both sides working hard to craft a lease that meets the desired objective -- a new, highly capable tanker delivered quickly and at an affordable price. As is the case in your reporting of many of the details of e-mails exchanged over the course of a lengthy and complex negotiation, reading the entire e-mail provides a clearly different perspective. The many honest and experienced individuals from the Air Force, OMB and Boeing involved in the tanker leasing negotiations devoted countless hours over the past 18 months to develop a proposal that meets the needs of the nation's war fighters at a fair value for the nation's taxpayers. The record should reflect that.

Sincerely,

Maureen P. Cragin
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