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Subject: quick notes from usaf tanker debrief
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david and/or bob will presumably follow with more detail -- but some quick points on this afternoon's tanker RFI debrief session:

- o sponge, gower, sams, ellis and ferguson attended from boeing. druyun, essex and bowlds from air force
- o meeting lasted approx. 90 minutes
- o darleen read both responses cover to cover -- said ours was detailed, comprehensive and very helpful
- o bob can provide far better technical summary of debrief, but in sum, there were several instances where we rated ourselves green and air force rated us yellow, with moderate risk. in almost all instances, the risk was schedule related throughout the assessment, boeing's extended experience with tankers was a noted strength and discriminator.

without going into any detail, darleen noted that EADS had not costed a full-up tanker in their response -- so air force had to figure out how to "normalize" their proposal in order to compare it to ours from the business perspective.
- o very aggressive schedule. air force schedule is to have a "package" deal by end of april -- in only 30 days. they would hope to then move it through osd and omb in may timeframe with june being target date for report to congress. [note: jerry...darleen wants to have a mid-month status review with you. we notionally targeted april 17 when you are scheduled to be in d.c. all day.]
- o engagement with SPO (who has been told same) starts tomorrow
- o darleen repeatedly came at us on price throughout the discussion. said she went back to KC-10 deal, and observed that we offered the green a/c at approx. 35% discount off of list price. noted that our webpage list price for a green 767 was "approx." \$100M (actually, its a range from \$100-\$112M). if this is her benchmark, we aren't in too bad shape based on the little i know.
- o also noted that the SPO (bob marks) was around for and involved in the KC-10 deal as well as for C-32 and Gulfstream lease discussions -- lots of experience.
- o darleen told us several times to keep in mind that EADS proposed price on green A330 was \$5 - \$17M cheaper than green 767.
- o darleen is fearful/concerned with sen. mccain, prospect of sasc hearings, etc, etc. [note: rudy, we can probably do ourselves alot of good and also help air force confidence by putting together a "mccain/sasc" strategy -- led by sen. roberts, etc, etc. in general, i just think the air force hopes to see and hear more vocal tanker support coming from hill -- particularly some "counter battery" fire every time sen. mccain attacks the program or the air force]
- o indicated that mccain staff had already requested a debrief. air force plans to provide a debrief, will not leave anything behind and will require signature of non-disclosure [note: based on discussion following meeting, darleen would very much like to brief "friendlies" on the RFI. i will talk with phil ruter about getting appropriate member's and committee staff to make the request for briefing.]
- o darleen noted that she would not expect to buy these tankers at the end of the lease for the residual value -- i.e., said she is around she'll demand a better deal.

one of "business" risk areas cited was concern over FAA certification. in this context, darleen made a clear point of bringing up our JSF problem relative to seattle and st. louis not being "in synch" etc, etc. strongly urged us to ensure that eads and wichita and st. louis were all completely "in synch" so we didn't run into a FAA problem of our own organizational making.

another "business" risk area was indemnification -- not a surprise.

ORD has been through AFROC (JROC in May timeframe). since last discussions with boeing, air force has apparently split the ORD up into 3 "spirals." AFROC insisted on adding wing tip pods. hopes this will help ensure for navy backing/support in JROC.

darleen believes that changes to approps. language (to allow for purchase option in particular) is a non-starter -- she believes it is much too hard an issue and that CBO and OMB will never change their minds. **[note: she did mention that norm dicks had called offering to help with language "tweaking" if necessary. rudy: don't know if sac staff has different perspective on do-ability and score-ability of language changes -- darleen was very, very negative on prospects of getting anything through CBO, let alone OMB -- to point of saying none of us should waste our time worrying about it.]**

overall, a very good meeting. bob and his team obviously did a great job in putting together our response to the RFI. air force fully committed to working this in months ahead as an IPT.

lots of sober realization that huge tasks still ahead -- but it wouldn't be fun if it were any other way!!!

regards,

andy

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