DEPARTMENT OF DEFENSE
OFFICE OF INSPECTOR GENERAL

DEPUTY INSPECTOR GENERAL FOR INVESTIGATIONS

TAPE TRANSCRIPTION

INTERVIEW OF

DONALD RUMSFELD

April 1, 2005

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Q-1

1 P R O C E E D I N G S

2 [redacted]: The time is 1:55 p.m. on April 1, 2005.
3 This in-person interview with the Secretary of Defense, Mr.
4 Donald Rumsfeld, is being conducted in his office at the
5 Pentagon. Also present from Secretary Rumsfeld's staff are
6 Mr. Dan Delordo (phonetic), from IGDOD are [redacted] and
7 [redacted].

8 Sir, could you please acknowledge that we are
9 recording this interview?

10 SECRETARY RUMSFELD: Yes, indeed.

11 [redacted]: Do you have any questions with respect to
12 the Privacy Act or the Freedom of Information Act?

13 SECRETARY RUMSFELD: No, I am sure I don't
14 understand them fully, but I have got the papers you have
15 given me.

16 [redacted]: Right. Any questions before we begin?

17 SECRETARY RUMSFELD: No.

18 [redacted]: Would you please raise your right hand so
19 I can administer the oath?

20 Whereupon,

21 DONALD RUMSFELD

22 was called as a witness and, having been first duly sworn,
23 was examined and testified as follows:

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1 EXAMINATION

2 BY [redacted]:

3 Q We understand that you have served -

4 A I am curious about an oath. Why is that oath

5 different from the oath I took when I became Secretary of

6 Defense?

7 Q I am not sure, but, of course, you took the oath of

8 office.

9 A But this - the laws apply to me and to answer

10 questions in government the same as anyone else with or

11 without an oath? Just - it just - I find it strange, but go

12 ahead.

13 Q And it is our policy that we take sworn testimony

14 from every witness, sir. So that when we report out, we can

15 say, you know, we -

16 A Fine.

17 Q The - before going on tape I informed Secretary

18 Rumsfeld the purpose of the interview is to obtain witness

19 information with respect to DOD officials who participated in

20 the structuring and negotiation of the proposed tanker lease

21 contract with Boeing.

22 My first question, sir, has to do with a document

23 that I provided. It is the - of the Under Secretary of

24 Defense from the Acquisition and Technology and Logistics,

25 memorandum for the Secretary of the Air Force. The subject

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1 is the Air Force Boeing 767 tanker lease decision memorandum
2 dated May 23, 2003.
3 Stated in the first paragraph, it is highlighted,
4 sir, it says after comprehensive and deliberate review by the
5 leasing review panel, Secretary of Defense has approved the
6 Air Force's proposal to enter into a multi-year pilot program
7 for the leasing of general purpose Boeing 767 aircraft under
8 the authority in Section 8159 of the Department of Defense
9 Appropriation (inaudible) for fiscal year 2002.
10 Is the statement with respect to your approval of
11 the proposal that is contained in that memorandum, sir, is
12 that accurate?
13 A I would have no reason to doubt Pete Aldridge's
14 letter. I - I was - if you - if you think back at the time
15 period you are talking about here, we had the attack on 9/11.
16 We had the war on Afghanistan and continuing difficulties
17 with the Taliban and Al Qaeda, the global war on terror. We
18 had the war in Iraq that began in - what, March -
19 Q March.
20 A February, March, April.
21 Q March of 2003.
22 A Two.
23 Q Three.
24 A Three. And this is May 23rd. And major combat
25 operations ended I guess about a month after the war began

1 and the insurgency began and we had been doing that.
2 My time basically in the Department was focused on
3 those things and certainly not on acquisitions or - or what
4 have you.
5 The way he phrased it, I - he - he clearly had the
6 authority to make that decision. And he may very well have
7 told me he was going to make it that way. And I may very
8 well have said fine.
9 But in terms of involvement, it is modest. And I
10 don't - I don't remember approving it. But I certainly don't
11 remember not approving it, if you will.
12 Q Yeah. Are you aware of any of the - they discussed
13 the deliberative review by the leasing review panel, being
14 provided any specific updates on what policing (inaudible)
15 panel was deliberating, the issues that they were discussing
16 your concerns?
17 A I don't know what I knew then, compared to what I
18 know now. Obviously today it has been informed by the debate
19 in the press and the issues of corrosion and the concerns on
20 the Hill and - and the subsequent decisions that have taken
21 place.
22 I have - I am not able to go back and say I - what
23 - what did I know at a certain moment back in that period.
24 But -
25 Q Do you recall - what - from what I understand,

1 there wasn't a - a deliberate decision on - on your part
2 based on a briefing of your staff, which might have included
3 a comptroller or A T and L, there wasn't any type of
4 deliberate decision on your part with respect to the program
5 moving forward?
6 A Moving forward or being approved?
7 Q Being approved.
8 A I have answered that.
9 Q (Inaudible.)
10 A To the best of my ability.
11 Q Well, --
12 A I - I have no reason to not believe what Pete says.
13 I don't know if the phraseology he used is like the royal we
14 and he actually did ask me to approve it. I don't remember
15 doing it.
16 But it - he may very well have come in and said,
17 look, we have reached the end of this process, we have done
18 this, this and this, these people are for it and these people
19 are against it and I am going to go ahead and do it and is
20 that fine. I may very well have said yes. I just don't
21 remember.
22 Q All right, sir. Like you said, you - he had the
23 authority to approve it. That was actually his job to make
24 those decisions.
25 A That is why he is here.

1 Q Right. So, it is unusual for you to approve major
2 acquisition programs that nobody has -
3 A That is exactly right. And I would be surprised if
4 I had. But that is - I am not going to sit here and quibble
5 over it.
6 Q I guess that is what was so interesting about the
7 memorandum, that they -
8 A Yeah -
9 Q Used your name when they didn't need to.
10 A Well, a lot of people do. I mean in this
11 Department, if they - if the Department does something, it is
12 as much me, I suppose, as anything else. So, they frequently
13 say it is the Department of Defense signs this or the
14 Secretary is. But, once I have authorized someone to make a
15 decision, they do it. It happens in inter-agency process
16 fifty times a day.
17 Q Mm-hmm. And I will follow on with a comment in the
18 second paragraph. In the memo it said the Secretary
19 determined the least option best satisfied the military needs
20 and was preferable for two reasons. First, the lease will
21 require a lesser initial outlay and, second, leasing
22 accelerates -
23 A Same answer.
24 Q Got you, sir.
25 A Yeah.

1 Q Historically, in your experience, have you ever or
2 whatever ACAD-1D programs has this was -
3 A What is ACAD?
4 Q [redacted]?
5 BY [redacted]:
6 Q Yeah, I am glad you asked me that question.
7 A Put it in English for me.
8 Q It is a major acquisition program.
9 A What other major acquisition programs have I
10 approved?
11 BY [redacted]:
12 Q Right.
13 A Umm - I can remember being in this office in 1976,
14 having people come in on the —1 tank. And the Army wanted a
15 105 Howitzer and a diesel and the DDR&E wanted a turbine
16 engine and a 120 millimeter cannon. And I - I ended up
17 making that decision some weeks later. I told them - it was
18 a last minute kind of thing.
19 But it - I am sure that I have had, on very, very,
20 very rare occasions been involved. But in terms of this term
21 as Secretary of Defense, I don't recall making a specific
22 decision, except insofar as I obviously am involved in the
23 budget process. And the budget process is a manifestation of
24 decisions.
25 And I am certainly not going to say I haven't made

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1 any. But it is not what I do. We have got a very senior
2 under secretary for that subject and a whole staff with
3 hundreds. We have senior acquisition officials and service
4 secretaries that have the responsibility for organizing,
5 training and equipping their forces.
6 And basically I spend an overwhelming portion of my
7 time with the combatant commanders and functioning as the
8 link between the President, Commander-in-Chief and the
9 combatant commanders conducting the wars.
10 Q Were you aware of the progress for the instituted
11 defense analysis was asked by Ken Craig's folks from PA&E to
12 conduct a price and cost analysis?
13 A I certainly am aware of it now. And I very likely
14 was aware of a difference of view at some point between as I
15 recall PA&E and I don't remember the controller's shop, AT&L,
16 PA&E and the Air Force had different views. And I can recall
17 maybe it is now that I recall it, but I may very well have
18 known then that other people were asked to opine on it and -
19 and did.
20 Q Do you recall if - if the Air Force during that
21 time frame - hear any issues that the Air Force was asserting
22 any undue pressure on PA&E to come to resolve the issue, to
23 reconcile it in their favor?
24 A No, I don't recall anything from that period. I am
25 aware now that - that PA&E had a different view. And I may

1 have been aware then. I probably was. That is not unusual.
2 That office has a role of looking at what other
3 elements of the Department of Defense do. And - and walking
4 at it from a different direction and seeing that - that
5 different perspectives are considered. So, I - I may very
6 well have been.
7 Q The - when the 2002 Appropriations Act was released
8 in January of 2002, was there any initial guidance that you
9 gave to Mr. Aldridge with respect to how to proceed with the
10 lease?
11 A Not that I recall. I doubt it. And I think what I
12 was doing right then, this was December of 2002 -
13 Q January - January 2002, sir.
14 A Yeah. Goodness gracious. I doubt it.
15 Q Did - but you recall with the language in there,
16 did you think of it as directive in nature or as far as the
17 Appropriations Act --
18 A I don't know that I was even aware of it back then.
19 I am certainly aware now that there was a disagreement
20 between the Appropriations Committee and the authorization,
21 some members of the Authorization Committee. And when I say
22 some disagreement, quite heated.
23 I am aware of that now. At that stage, when the
24 bill passed, I don't believe I was. But I don't know.
25 Q Do you recall if the Secretary of the Air Force and

1 members of the Air Force came to you for any guidance with
2 respect to how to proceed with the program?
3 A I don't remember.
4 Q And any - provide any guidance with the - to the
5 co-chairs, the leasing review panel, Mr. Zachheimer, Mr.
6 Aldridge?
7 A Make - state the full question so I understand it.
8 Q Did you provide any - any guidance to the co-chairs
9 of the leasing review panel?
10 A Not that I can recall. You know, this is a
11 difficult thing to respond to because I work in here. I am
12 going to guess twelve hours a day and another couple of hours
13 at home at night and work on the weekends. And I know what
14 the - where the overwhelming focus of my work is.
15 I also know that people come in and out of this
16 office all the time. Send me memos, half of which I - I -
17 are appropriate for me to have, some of which aren't, which I
18 don't read. And call or come in and say I am going to do
19 this or what do you think about that.
20 So, I - I can't say of certain knowledge, you know,
21 given all of those hours and hours in meetings and questions.
22 But I certainly don't recall anything like that.
23 Q The - at the program initiation do you know why the
24 OSD senior acquisition executive, who was Mr. Aldridge,
25 didn't notify Congress through formal reporting of the new

1 program start?

2 A No idea.

3 Q Was there any discussion that you -

4 A I don't even know that he didn't. This is what

5 your question suggested. You asked me why he didn't. I

6 don't know if he did or didn't. I didn't know he was

7 required to.

8 Q There - we realize some of these questions are not

9 the sort of thing you could spend a lot of time thinking

10 about.

11 The problem has kind of been, at least in that

12 area, the Air Force and OSD handled the acquisition - lease

13 acquisition in a sort of unusual way. They didn't use the

14 normal 5000 Series acquisition regulations. They didn't

15 really prepare for DAB review. They based it on a business

16 case analysis and a leasing (inaudible) and a decision simply

17 to sign a contract. There wasn't even a request for proposal

18 or anything like that associated with it.

19 So, it is difficult. And they didn't really

20 document much of what they did as they went along, other than

21 maybe the business case and that sort of thing.

22 A Hmm.

23 Q And, as a result, it is - it is difficult to really

24 get a handle over what they thought they were really were

25 doing, I mean what the process was. You got the results of -

1 somebody came in and said we have decided to lease tankers.
2 I guess the real question is did you rely on the
3 fact that the Department has an acquisition internal control
4 process, you know, regulations or did you simply rely on
5 somebody's word that it was okay when you made - when you -
6 when you evaluated what happened?
7 A Day in and day out I rely on the senior officials
8 of the Department to fulfill their statutory
9 responsibilities. I mean they are out - the secretaries of
10 the services, the acquisition, our Senate confirmed people,
11 the AT&L people are. And I - I - we select them. We deal
12 with them occasionally, depending on which - whether it is me
13 or my deputy, general area of activity and we rely on them.
14 Obviously, after the fact, you - you hear - you
15 begin to sense that the - there were pro lease people and
16 anti lease people in the Congress. There were pro lease
17 people and anti lease people in the executive branch, in the
18 Department, in the -
19 And you begin, after the fact, to have a sense of
20 what - what that debate was about. But, at the time, I don't
21 remember having any reason to think that someone was - that
22 anyone was, nor do I know today that anyone was doing
23 anything other than following what they believed to be
24 Congressional direction or guidance and/or the normal rules
25 that would apply to what it is they do. That you just - that

1 is what my - my assumption would have had to be during that
2 period.
3 Q Well, that has been part of our problem. They -
4 they issued guidance here on the leasing -
5 A Who is they?
6 Q AT&L and the comptroller.
7 A AT&L?
8 Q They issued guidance on the leasing and review
9 panel. And they sort of - and it is somewhat a vague
10 memorandum, but they kind of indicated that - that - that
11 (inaudible) case I guess would go through a OIPT, then it
12 would be presented to the leasing review panel. Then it
13 would be presented to the DAB. And then there would be a
14 decision.
15 And so, you look at that chain, the leasing review
16 panel did work on it for some period of time, probably not as
17 long as it seems on the time-line because it took them a
18 while to get set up and get going.
19 But, at the same time that was going on, it never
20 went to a DAB review. It never went through and over-arching
21 IPT. There was never a report issued on the leasing review
22 panel.
23 Concurrent with that, since we have access to a lot
24 of your documents now as part of another project, there were
25 meetings that you were - you had at least one meeting where -

1 where there was a discussion on - on whether to buy the
2 aircraft outright or whether to lease them. And this took
3 place sort of in the middle of the leasing review panel's
4 deliberations.
5 So, yet the Department didn't seem to follow even
6 the alternative process that they laid out. And the actual
7 decision process, other than these occasional memorandums and
8 meetings and things is also actually unclear.
9 And so when people look at it, like the Congress
10 would look at the Air Force's report and decide whether to
11 approve it or not, I guess my assumption was always they
12 would assume that the Department followed their own
13 acquisition processes and, thus, what they got was a product
14 they could rely on.
15 But if the Department didn't follow established
16 process or an alternative process that they had established,
17 then you had no assurance that what you received was
18 reliable. And that really is the crux of I guess the -
19 A I see -
20 Q One of the issues.
21 A Well, in terms of knowledge that - that - from that
22 period, I am without it.
23 Q Mm-hmm.
24 A I have heard this since, obviously, and been
25 briefed on some aspects of it more recently. But I - I - I

1 am just not - can't be helpful in terms of having had any
2 awareness of it during that period.
3 Q And one of the challenges we have right now, sir,
4 before us is that we are asking you some questions we should
5 already have answers to, that could be answered by Mr.
6 Aldridge. But he has yet to respond and we -
7 A Is that right?
8 Q And we have yet to interview him. He has yet to
9 respond to communications. So -
10 A Mm-hmm.
11 Q If the questions sound - it is because we don't
12 have answers.
13 A Yeah.
14 Q Mr. Aldridge will - we have to bump it up and ask
15 the next source, sir.
16 A Mm-hmm. Fair enough.
17 Q So that is - umm - were - were you aware at the
18 time, sir, that the aspect of pricing of the aircraft, what -
19 what the aircraft was going to cost and the debate over that?
20 A I remember the debate over that. I know - don't
21 know if I remember it from that period, but I think I might.
22 I vaguely remember that PA&E and Dr. Cambone (phonetic) had
23 some opinions. And, again, I am having difficulty recalling
24 whether it was from then or now.
25 But my - my understanding today is that I may very

1 well have been aware that there was a debate on pricing
2 between the Air Force and PA&E. And I don't know about
3 controller's shop or AT&L. I can't recall that.
4 And I also vaguely recall there was a difference.
5 I think it was on this weapons system with IDA. And that
6 they may have had different issues on pricing.
7 Q That was one of the problems - the - the actual
8 negotiation of the contract, the government had very little
9 price information from Boeing to establish a price. And I
10 think it was - normally, by the time it would get to OSD
11 level, they would have had independent cost estimates and a
12 lot of information on what they thought the price would have
13 been.
14 A Hmm.
15 Q And generally it would have been higher than
16 whatever maybe was negotiated or what the program office
17 normally would estimate. But in this case, I think it was a
18 real reversal. It surprised everybody that the IDA estimates
19 were so much lower than what the negotiated prices were.
20 And, of course, then later Druyan confessed to having boosted
21 the prices for - for Boeing, which then made a little bit
22 more sense than what the contrary pricing information was
23 showing.
24 But at the time, my understanding is that Mr.
25 Aldridge thought that prices of $150 million in aircraft were

1 actually reasonable. Do you remember anything to that?
2 A I don't. Other than that their positions were
3 different.
4 Q And - and with that, the other project they had is
5 providing e-mails to folks -
6 A I am aware of that.
7 Q The large effort. And some of - some of the things
8 that come out of this that they will read is e-mails dated
9 one in October 28, 2002 where Secretary Roche [redacted]
10 [redacted]
11 [redacted] They may be right.
12 And these are - this information in 2002, and of course now
13 is captured in e-mails (inaudible) explain -
14 A I see.
15 Q [redacted]
16 [redacted]
17 [redacted] b(5)
18 A Were the negotiations over at that point?
19 Q No, sir.
20 BY [redacted]: b(6) b(7)(C)
21 Q The leasing review panel - one of the reasons I
22 think it was taking so long was they were waiting for that
23 kind of information. And once they had it, they - they made
24 an effort to get the price lower. That effort mainly
25 resolved - revolved around reducing the (inaudible) of the

1 aircraft.

2 A Hmm.

3 Q And because I don't think they got much price

4 concession out of Boeing at that point. But they did lower

5 the price. And I believe that price and the decision -

6 leasing decision memorandum was probably what they decided

7 was the bottom line price the government would pay.

8 A I tended not to get involved with contractors. I

9 didn't meet with contractors unless I ran into them at a

10 reception some place. But I - I never had substantive

11 discussions with contractors since I have been back in this

12 job.

13 I tended to leave these matters to the deputy and

14 to AT&L and to the services. Only when there was a problem

15 that flared up, did somebody say - ask me about something.

16 And then I would say to somebody, well, get on top of it or

17 figure out what is - ought to be done. And that would kind

18 of be my role in it.

19 BY [redacted]: b(6) b(7)(C)

20 Q Any recollection with any discussion over the

21 allegation that - that the Air Force tailored the

22 specifications of the - the tanker to meet the Boeing AC767

23 capability?

24 A No.

25 Q On - on the urgency of - of the acquisition, what

1 was your understanding regarding the urgency to recapitalize
2 the KC-135 fleet?
3 A Well, it - you know, speaking generally, if - from
4 the time I came in, there was - there were people on the Hill
5 and here in the Department who - who were concerned about a -
6 the fact that the Air Force fleets, plural, needed to be
7 recapitalized. I - I still hear it today.
8 I was asked a question today from an Air National
9 Guard person about recapitalizing the fleet. I - I hear
10 about it all the time.
11 And I don't have any specific recollection of it
12 during that period. I know Senators were talking about it
13 and discussing it, the need for it and problems with the
14 tankers. But --
15 Q And that is where the - the issue of - of corrosion
16 falls in because the Air Force was trying to make the case -
17 it was making the case that the recapitalization effort
18 needed to occur because of, with the global war on terrorism,
19 the initial - after September 11th and the corrosion issues
20 with the older model 135s, and the way, of course, they
21 procured those back then, the rapid rate that they were able
22 to get 135s they needed to do this rapidly -
23 A Hmm.
24 Q They needed to do this quickly -
25 A I have been asked those questions in Congressional

1 hearings - about corrosion. And that was, I am sure, I know
2 after the fact, that was one of the issues that - that was
3 discussed and debated as to what was the cost of remediation
4 and how serious was it and all of that. And some outside
5 groups have since looked at that and come to quite different
6 opinions, as I recall.
7 Q And is what - when the program progressed and
8 another e-mail that is out there, Mr. Sanber (phonetic) in
9 October 2002 stated that he informed Secretary Roche by e-
10 mail. The Air Force does not have a good answer to why they
11 claim that they have an urgent need for tankers, but they are
12 requiring or retiring 135 echo models to save money, at the
13 same time asking for more money to lease tankers.
14 A I - I don't know the context of that. And I have
15 no idea what he was responding to or initiating. But I hear
16 that argument in the - in the various services not
17 infrequently.
18 Q Mm-hmm.
19 A That is to say if you have a - an aircraft, a fleet
20 of aircraft and you are operating them and it - it costs you
21 so much to operate it because, as it gets older, a smaller -
22 a larger and larger percentage of that fleet is not available
23 at any given moment and the spares and refurbishing and
24 renovation of those aircraft is costing more and more money,
25 that at some point they do retire aircraft to save money.

1 And - and to free up funds to invest in aircraft
2 that are newer and will cost less in terms of maintenance and
3 will have a higher availability.
4 So, that is - that is not an argument, if what it
5 sounds like in this e-mail, it is an argument I have heard
6 before and undoubtedly will hear again from all three
7 services.
8 Q Do you know why analysis of alternatives with
9 respect to providing - getting a new tanker was not completed
10 by the Air Force?
11 A I don't.
12 Q What was the extent and nature of discussions
13 between - between yourself and the White House with respect
14 to the tanker lease?
15 A I have been told by counsel that the - first of all
16 the buildings don't talk, so the White House, I have no
17 discussions with the White House.
18 Q The President, sir.
19 A The - I have been told that - that discussions with
20 the President are privileged, and with his immediate staff.
21 [redacted]
22
23
24 Q And I guess the thrust of my question comes to -
25 and there is a number of e-mails between people that say that

b(5)

1 [redacted]
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6 A Mm-hmm.
7 [redacted]
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b(5)

1 [redacted]
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11 I don't have any idea about - I don't have any
12 recollection of the subject coming up in one of those
13 meetings. [redacted]
14 [redacted]
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b(5)

1 [redacted]
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b(5)
7 Q In April, there was another e-mail. It was
8 addressed -
9 A Is that a comfortable way to - or am I -
10 Q And what it -
11 BY [redacted]:
12 Q I think that is a reasonable way to describe - b(6)
13 A I am not supposed to talk about the President. b(7)(C)
14 BY [redacted]:
15 Q You haven't talked about a specific conversation.
16 A Yeah.
17 Q You talked about a process.
18 A I am trying to describe how that might have
19 happened.
20 Q And there are other e-mails that discuss White
21 House, [redacted]
22
23
b(5)
24 A Yeah, I would not have been involved in something
25 like that, if it were to have occurred. And I don't know

1 that it did. It is obvious that when you have got an issue
2 that is difficult and Congress is involved and OMB is
3 involved, legitimately under our Constitution it is perfectly
4 fine for differing views to exist in the Congress and for
5 only me to have the view that the - that type of thing tends
6 to surface to the -
7 [redacted]
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14 Q And what we are trying to determine, there is a lot
15 of factors in the lease and one of them is the external
16 influence because early on there was Congressional
17 involvement with wanting to lease tankers.
18 A That is what initiated the whole thing, as I
19 recall.
20 Q Yes, sir.
21 A Yeah.
22 Q And what we are trying to take a look at is when
23 does a level that external folks, being the President,
24 members of the White House, Congress, when does it change
25 from a level of interest to influence. To when comments made

b(5)

1 or actions taken -

2 A Well, I answered that question. To the extent I

3 was involved in this, which was minimal, I - I asserted,

4 without your asking, that [redacted]

5 [redacted]

6 [redacted]

7 [redacted]

8 Q Did you feel you had the option, even with the

9 appropriation language of saying no, we don't want to do this

10 way? We don't want to go to Boeing? We don't want to lease

11 one hundred tankers, we want to do it a different way?

12 A Well, obviously, when you have got a major battle

13 going on between a senior person from one committee and a

14 senior person from another committee, and their supporters

15 and friends an allies and constituent - constituents, that is

16 an issue that anyone dealing with it, given the fact that

17 Congress's article one of the Constitution has to be aware

18 of, that you are going to have to deal with that at some - in

19 some way, in some manner, either in the authorization process

20 or the appropriation process or both. Does that answer your

21 question?

22 Q Yes, sir.

23 A Yeah. I mean it is - that is the reality of it.

24 They control the purse strings and they write the

25 legislation. And they didn't agree. So, there you are.

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1 And you - you have to take each side seriously.
2 Because each side has very likely a perfectly legitimate
3 position. And each side has the ability to affect it, in the
4 process and after the fact.
5 Q It is just that when we read the e-mails, it seems
6 that there is a time that is after [redacted]
7 [redacted]
8 [redacted]
9 [redacted]
10 [redacted]
11 [redacted]
12 [redacted]
13 [redacted]
14 [redacted]
15 Q Based on the information contained in that e-mail
16 that was shared with other people -
17 A There you go -
18 Q There was - there was - that - that - a lot of
19 other e-mails out there that - and [redacted]
20 [redacted]
21 [redacted]
22 there is - [redacted]
23 A I am not in a position to comment on that. I don't
24 have any knowledge of it at all.
25 Q All right, sir.

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1 A What the interaction might have been over there.
2 Q Umm -
3 A Nor could I probably have, from a matter of
4 privilege, if I did know it. I just happen not to have any
5 knowledge of it.
6 Q On or about May 7, 2001, William Snyder (phonetic)
7 I guess met with the finance specialist at CitiCorp to
8 discuss potential DOD interest in applying commercial
9 financing techniques to the C-17 strategic airlift aircraft
10 and replacing the KC-135 aerial tanker fleet and to obtaining
11 CitiCorp's views on the statutory and regulatory obstacles
12 that prevent DOD from using commercial lease finance
13 techniques for financing, selected capital asset acquisitions
14 and the sale lease back of DOD real property.
15 This was conveyed in the memo that Mr. Snyder wrote
16 to you. You responded to the memo by tasking the comptroller
17 and to initiate the process, you coordinate with appropriate
18 people including general counsel. It wasn't clear what you
19 were going to initiate.
20 But I guess - I guess the question is, it looks
21 like early then that the Department was - was - was
22 investigating and doing research in leasing weapons systems.
23 And that they were contacting bankers and that sort of
24 thing.
25 And I guess specifically for the tanker and also

1 for the - for the C-17 possibly.

2 A Hmm.

3 Q Do you remember -

4 A I don't. Dr. Snyder is the chairman of the Defense

5 Science Board. And he sends memos periodically. I send them

6 to the people who have responsibilities for those areas. It

7 is a tough issue.

8 Q Right.

9 A In business you - you almost always look at a

10 lease-buy in the normal thing. It is a regular thing. In

11 fact, the government doesn't worry about the cost of money

12 apparently and doesn't look at leases and doesn't compare

13 them against buying.

14 Is - was - you know, it is unusual the way the

15 government does it. And the - we - we have - I mean I just -

16 I just don't recall that process. I mean the - the - then.

17 I can vaguely remember receiving a letter. I don't know if I

18 remember it from then or having later been told.

19 But I would give what I normally would do. And

20 that is hand it to someone else.

21 Q Right. And we have looked at - we have been

22 dragged into this at least three times previously, this

23 tanker.

24 A Is that right?

25 Q Yeah. This is why I have had the honor of meeting

1 you, sir, today. There is three of them.

2 But we always seem to pick it up about the point of

3 the legislation. [redacted]

4 [redacted]

5 [redacted]

6 [redacted]

7 [redacted]

8 [redacted]

9 A Hmm.

10 Q I can say it wasn't - he was - he wasn't with the

11 Defense Science Board at that point, he was working as your

12 transition team, I believe for that - that exercise.

13 I think there was even - oh, but in any event, it

14 looks like there was a lot of interest in leasing weapon

15 systems. I guess the question is, is the problem really an

16 acquisition process problem that you are kind of dealing

17 with? Or is it really a budgeting problem that you are

18 dealing with here?

19 A I - you see, I look at it as neither. I look at it

20 as a weapons system question. And - and that the - one of

21 the piecing items in war plans is the ability to move things

22 to different places and the ability for those lift aircraft

23 to be refueled.

24 And to the extent you can reduce the time it takes

25 to move things from one location to another, it affects

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1 numbers of lives that are lost. It affects the amount of
2 time it takes to prevail in a conflict. So, it is an issue
3 that is constantly being looked at.
4 And that is - my interest is the outcome. And I -
5 obviously, if I have to have an interest in doing things in
6 the most cost effective way (inaudible). But there are an
7 awful lot of people in this building whose principal
8 assignment is that.
9 Q Mm-hmm.
10 A And that is when that debate and discussion comes
11 up. And if my recollection (inaudible) I can't tell you if
12 it is from then or now, or whether it is this weapon system
13 or others, it is a constant tension between the pace at which
14 you can recapitalize and the advantage that accrues to you by
15 having a larger capability because fewer of that fleet are in
16 the hanger as hanger queens, not functioning. And the cost -
17 the dropping the cost down for maintaining that fleet. And
18 there is a tension. And people are constantly doing trade
19 offs.
20 Q So, it would be fair to say that you were - you
21 were knowledgeable of the options they had to recapitalize
22 the fleet and that you were comfortable with the lease
23 option?
24 A I - I think it would be accurate to say that I
25 probably came into the Department knowledgeable about the

1 tensions that exist and the various ways of doing things,
2 having served here previously and been in business.
3 I can't - again, I am sorry, but I can't go back
4 and say what I knew at that moment. But having seen this
5 letter, it is reasonably clear to me, at least after the
6 fact, that Pete Aldridge believes that he, at some point,
7 asked me or at least if we had enough confidence in his
8 judgement to know that I would agree, to say the Secretary
9 has approved this because he has the authority to do that.
10 And he may very well have said this is what I want
11 to do and I may very well have said fine. And in which case,
12 the answer is yes.
13 I must have been sufficiently comfortable with the
14 - with the package or it wouldn't have happened. I obviously
15 didn't run out with my hair on fire and say stop it, don't do
16 that because it was done.
17 Q Just a - kind of an off-the-wall question I guess.
18 Do you know if Rand was instructed to accelerate the
19 completion of their current tanker AOA? I ask because
20 somebody told us that you had asked the Air Force to
21 accelerate the completion of the Rand AOA study.
22 A That is the air mobility study?
23 Q No, it is the AOA for tankers. There is also an
24 air mobility -
25 A What does AOA stand for?

1 Q Analysis of alternatives. In other words, that
2 would be the one -
3 A That - I can't swear to this, but my vague
4 recollection is that I did ask somebody to accelerate, to the
5 extent that he could, one of their studies. And it may very
6 well have been this one.
7 Q Are you concerned that Boeing is - in the press has
8 been talking about their production line is going to close
9 down? Is that causing any pressure or any feeling of haste
10 for the Department?
11 A What does that have to do with this inquiry?
12 Q Well, the - it is - one of the interesting things
13 about this tanker is that it seems to be based on the KC-10
14 model. In other words, I think Lockheed in those days -
15 A I thought Paul Wolfowitz announced that he was -
16 that it would be competed regardless, no matter.
17 Q Right. But you would still want the production
18 line to be open during the competition to get the best
19 prices. They wouldn't have to close it down (inaudible)
20 start up costs of starting it again.
21 The airbus line will have to start from scratch I
22 guess unless they fill it from Europe, but -
23 A You are way out of my league on all of this. I
24 don't do this business. That is not what I do.
25 Q Right.

1 A There are all kinds of senior people in this
2 department who do it. I can - I have got fifty million
3 things on my desk and that isn't one of them.
4 The - this issue has caused this department so much
5 damage and so much trouble. And we - we have gone months and
6 months into a year and a year and a half with people not
7 being confirmed.
8 So, we are running this place with twenty to
9 twenty-five percent vacancies, trying to manage this enormous
10 institution without the Presidential appointee, Senate
11 confirmed people we need.
12 Q I know.
13 A We have practically no one left on the civilian
14 side in the Air Force. I am - I spend my time trying to get
15 people recruited, to come into a difficult environment.
16 Trying to get them cleared through a nonsensical process that
17 goes on interminably. Where even though a person has been -
18 had an FBI clearance three times in four years, we have to
19 wait weeks and weeks and weeks to get another one.
20 And - and then to try to get them through the
21 Senate confirmation process. So that they can come in here
22 and fill these jobs and see that this place works right.
23 That is what I am spending my time on.
24 I am spending three-quarters of my time right now
25 on people, senior military, senior civilian people, trying to

1 get them into this department and get them through the
2 confirmation process to do their jobs.
3 And the - there - the damage that was done by the
4 way this was handled has been terrible. The - fortunately,
5 it did not go through. Fortunately, people in the Senate and
6 others, whistle-blowers or whoever did what they did. And
7 fortunately people have - are going to go to jail. And they
8 should go to jail. And -
9 (End of Tape 1, Side A.)
10 A Make changes in it and tried to institute a whole
11 series of things, lessons learned, out of this terribly
12 unfortunate situation.
13 And I am - my task is not to pick tankers or to
14 pick funding process. My task is to see that we get people
15 in here. My task is to see that the systems and procedures
16 are changed and fixed so that the likelihood of something
17 like this happening again are dramatically reduced.
18 Q So, it is safe to say you don't consider this a
19 successful pilot program for acquisition reform or -
20 A Well, that is if - if lessons are helpful in life,
21 this is helpful, but at great expense.
22 Q Well, one of the other charges that are out there
23 is that the Air Force misrepresented information to Congress.
24 Are you aware of any statements, sir, that the Air Force
25 made, either in testimony or otherwise that you believe was

1 misrepresented?

2 A I have not been notified of anything like that. I

3 - I - I saw one suggestion that - that was a briefing out of

4 some airbase that said one thing and when it was finally sent

5 up, it - some of those charts weren't in there.

6 And I understand that that has been looked at and

7 investigated and people had reasons for doing what they did.

8 And apparently the people did not feel that that constituted

9 a misrepresentation. If there were others beside that

10 incident, I am not aware of it.

11 Q Any other final comment for the record, sir?

12 A No. But you guys have a tough job. Man.

13 [redacted] We wish tankers would go away, too.

14 MR. RUMSFELD: Yeah. Well, I just hope the dickens

15 we have got this place rearranged in a way that the chances

16 of something like this happening - that it - we - you are

17 never going to make people not be crooks if they are crooks

18 and - or do dumb things if they are - make mistakes.

19 But you sure hope and pray that you have got - you

20 have got to be respectful of taxpayers dollars. And, my

21 Lord, we are in a war. We don't need to spend ninety-nine

22 percent of our time on this kind of thing. We need to be

23 doing what we need to be doing. Thank you gents.

24 [redacted]: All right, sir. Thank you, sir. Two

25 forty-five and that completes the interview.

b(6)
b(7)(C)

1 MR. RUMSFELD: I will be darned.

2 (The interview was concluded at 2:45 p.m.)

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