

Global HeavyLift Holdings, LLC, Pushes 120+ Boeing C-17s For 2010-2020 Budgets

Firm Convinced That 'Transformational Recapitalization' Strategy Permits DoD To Order 120+ Boeing C-17s for 2010-2020 Budget; Will Forever Change Acquisition, Congressional Approval and Production Processes.

Chicago, IL 08/28/2009 - In another addendum to its June 25, May 31, 2009 and 2007/2006 press releases, Global HeavyLift Holdings, LLC, a Florida incorporated and Defense Logistics Agency (DLA) listed (www.ccr.gov) entity with principal offices in Bloomfield Hills, Michigan, is clearly indicating that continued Boeing C-17 production is inextricably linked to its business strategies. Principals also believe funding for this superlative airlifter is not the issue; rather, it's the process.

"Budgetary constraints, with due respect, exist only in the minds of those in the public and private sector who are at best disingenuous in their claims of continuing attempts to rein in spending. A true and viable solution exists that will forever change Department of Defense acquisition processes, and it's designated Transformational Recapitalization," says Myron D. Stokes, Managing Member. "As described by national security strategist Dr. Sheila R. Ronis, Director, MBA/MSSL Programs and Associate Professor, Management, Walsh College, in a November 2004 Defense AT&L analysis "Transformational Recapitalization: Rethinking USAF Procurement Philosophies", it is a financial management approach that is Einsteinian in its simplicity:

(Excerpt from Defense AT&L November/December 2004)

How the Strategy Works

"To illustrate, let's apply this strategy to a fictitious Air Force need for a fleet of 300 aircraft. Instead of producing them at a very efficient rate of 75 per year for four years, produce them at a reasonably efficient rate of 20 per year for 15 years. Every four or five years, incorporate a technology spiral upgrade to new aircraft coming off the production line; however, do not retrofit existing aircraft. Near the end of the 15-year production, begin selling the oldest, less capable aircraft while they still have at least half their useful life remaining. Then, instead of closing the production line, continue producing new aircraft to replace those sold.

"Theoretically, the production line can continue indefinitely until either technology or requirements drive the need to produce an entirely new platform or when demand for the used aircraft dries up.

" 'Although the unit price of each aircraft may be slightly higher, the lower production rate combined with used aircraft sales revenue should decrease overall cash flow and provide much-needed stability to the budget and our industrial base. In addition, this strategy not only facilitates

spiral development, but also ensures that the U.S. military flies the most capable aircraft while avoiding maintenance and operating costs for aging aircraft.

" For the 10-year-old C-17, now is the time to start selling older less capable craft and continue production of new ones for the Air Force. As the last major aircraft production line in southern California, it would be devastating to lose that industrial capacity in 2008 (now 2011) when the 180th (216th approx.) aircraft is finished. Reducing the rate to 12 per year and selling off older inventory would not only allow the production line to continue for another 10 years, but applying the resale value and avoiding upgrade modifications would significantly reduce the cost of increasing the capacity of the fleet.

" The C-17 also provides an additional incentive in that not only will FMS customers line up to buy a reduced-price, used C-17, but this aircraft has commercial potential as well. Recent studies completed by the Air Force indicate a market for 60 or more commercial C-17s. The problem is that the high cost of a new aircraft is too risky for a new business venture. The cost of a used aircraft, however, should be low enough to offset that risk. But the most compelling aspect of commercial C-17s is that the aircraft would still be available to meet our total mobility requirement as part of the Civil Reserve Air Fleet (CRAF). This concept not only satisfies DoD's desire to rely more heavily on the CRAF, but also lowers Air Force aircraft acquisition cost while increasing capacity to meet wartime requirements.' " dau.mil/pubs/dam/11_12_2004/rons-nd04.pdf (full analysis)

Force Transformation A Critical Priority

According to Stokes, the late Vice-Admiral Arthur K. Cebrowski, Director of Force Transformation, Office of The Secretary of Defense (Rumsfeld), articulated this position brilliantly, as is evident, some agree, in the various papers he authored. Case in point:

"There are many different definitions being bantered about in government, in Congress and in the public over what specifically does transformation mean? What is it really all about? What is the process for getting there? Some say it is about injecting new technology into the military. Others believe transformation is about new ways of buying weapon systems. Still others hold that transformation is about the wholesale change of organizations. Frankly, I don't care which one is used so long as any transformation process contains certain key, immutable elements.

"Transformation is foremost a continuing process. It does not have an end point. Transformation is meant to create or anticipate the future. Transformation is meant to deal with the co-evolution of concepts, processes, organizations and technology. Change in any one of these areas necessitates change in all. Transformation is meant to create new competitive areas and new competencies. Transformation is meant to identify, leverage and even create new underlying

principles for the way things are done. Transformation is meant to identify and leverage new sources of power. The overall objective of these changes is simply-sustained American competitive advantage in warfare." In light of such observations, Dr. Ronis, who is also an Issue Team Leader within the Project on National Security Reform (PNSR.org) says "It is important to understand that force transformation, in any of its forms, is not to be viewed as just scholarly defense seminar rhetoric, but a critical element of continuously evolving national security policy."

"Be Anywhere, In an Hour"

In the opinion of several colleagues, Stokes further states, "Transformational Recapitalization, as an implied element of the Cebrowski security postulations, can and should be implemented now to ensure that this country's ability to project significant force, or respond adequately to humanitarian/disaster relief missions, as C-17 is so very capable of doing, is maintained. Indeed, a capability, ideally, to 'be anywhere, in an hour' in response to wide ranging conflict scenarios, inclusive of a China confrontation."

A Ten-Fold Increase in C-17 Production Without Breaking The Bank

Stokes notes that application of one iteration of the Trans Recap process - Congressionally approved USAF sell-off of first generation C-17As to the private sector; i.e., Global HeavyLift, and subsequently, by a change of law, using the funds generated by this activity (estimated 90M-140M per aircraft applied against 200M new aircraft) to buy more Globemasters, thus keeping the production and supply lines open for at least the next decade -- is strategically and financially important to the implementing of the blueprint for a US/NATO-controlled Heavy and Outsized (H&O) industry using very modestly modified commercial variants of this airlifter.

"Using both Trans-Recap methodologies outlined here; i.e., continuous, lower volume production and resale of aircraft to both FMS and private sector customers, multi-year, Congressionally approved contracts become part of the DoD acquisition DNA. In this way, the current request for continued C-17 production can increase 10-fold to 120 aircraft," Stokes said. "Aircraft, by the way, that given current and projected levels of operation, are needed, and no substantive data available can state otherwise.

"Lastly, we reiterate our position as first publicly stated in 2006: Attempts to discontinue critically needed C-17s, the only airlifter in existence truly capable of transitioning seamlessly between the airlift missions required as a result of asymmetric and conventional conflict realities existing concomitantly, are designed to make the world safe for war theater vulnerable REAMP-RERP Lockheed-Martin C-5Ms and the yet-to-fly Airbus-EADS A400M turboprop."

Stokes further advises that new developments in Global HeavyLift's quest to establish a US/NATO-controlled Heavy and Outsized air cargo industry, along with accelerated plans for



permanent air augmentation of the industrial base global supply chain, will be announced shortly.

About Global HeavyLift Holdings, LLC

Founded in 2002, GHH is a strategic air transport solutions entity that was born of a multi-year public/private effort among forward thinkers in both the private sector and government to mitigate emerging and observable vulnerabilities in the U.S. industrial base global supply chain. Such vulnerabilities are represented by the fact that no ocean-borne shipping is in U.S. hands at present, thus potentially subjecting American corporations, especially automotive, and their global operations to the whims and perhaps economically hostile activities of and by foreign governments. Add to this the risk of terrorist activities, which have, according to the Department of Homeland Security, targeted maritime operations; i.e., ships, ports and ocean containers.

Defense Logistics Agency (DLA) listed, (ccr.gov/) it is the goal of GHH and its strategic partners around the planet to work with key logistics personnel within these corporations and government agencies to conceptualize, craft and structure long-term global supply chain alternative transportation methodologies through continuous -- not stop gap or emergency -- air augmentation solutions. Its most important mission, however, has been in the co-development of global architecture for infrastructure of a new American controlled industry, Heavylift, utilizing the excellent airlift performance characteristics of the Boeing BC-17.



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