

May 12, 2021

To:

President Joe Biden
The White House
1600 Pennsylvania Ave. NW
Washington, DC 20500

CC:

Federal Trade Commission
Attn: Acting Chair, Rebecca Kelly Slaughter
600 Pennsylvania Avenue, NW
Washington, DC 20580

Department of Defense
Attn: Secretary Lloyd Austin, III
1000 Defense Pentagon
Washington, DC 20301

Dear President Biden,

Congratulations on a successful first 100 days in office. The wellbeing of the nation is dramatically improved since you took the oath of office, and your steady leadership was critical to putting America back on more solid footing both at home and abroad.

Much of your success is due to your commitment to ensuring fairness for working Americans, and the confidence that working Americans have that you will fight to ensure our economy works for everyone, not just the one percent. As part of that commitment, I know antitrust issues are part of the solution, and your Administration seems poised to more strictly enforce antitrust laws to increase competition in our economy, enhancing: job growth, innovation and economic justice. In particular, your nomination of Lina Khan, to be head of the Federal Trade Commission, was a promising step.

A few months ago, my organization, the Centrist Democrats of America, wrote letters to the Federal Trade Commission and the Department of Defense, urging them to use their authority to review the potential acquisition between Lockheed Martin and Aerojet Rocketdyne, and determine if this deal could create risk for both our national security and the millions of Americans who expect that the Federal Government ensures that their tax dollars are spent responsibly.

I am writing to follow up on this important matter, and make sure you are aware of this situation. This proposed acquisition is the first test of your administration's ability to handle antitrust issues, particularly consolidation in the defense space, and a great opportunity to draw a line in the sand that corporate acquisitions which reduce competition, stifle innovation and burden the American taxpayer will not be tolerated.

As you are aware, in December 2020, defense contractor Lockheed Martin announced its plan to purchase and merge with Aerojet Rocketdyne in a \$4.4 billion deal. While Lockheed Martin touts this acquisition as a strategic move to bolster our nation's defense. In reality, this acquisition would create a serious problem possibly eliminating any real competition for the development of new missile technology -- particularly in hypersonic missiles.

This is because Lockheed Martin is not the only contractor that Aerojet provides propulsion technology to; Lockheed, Boeing, Raytheon Technologies and Northrup have all partnered with Aerojet for their technology, and these competitors will virtually be eliminated from the field if Lockheed and Aerojet combine.

- Aerojet is the sole provider of Divert and Attitude Control Systems (DACS), a high-precision, quick-reaction propulsion system that positions the interceptor to successfully defeat an incoming ballistic missile.
- In 2017, Aerojet was chosen to “provide the main propulsion for the Boeing and the U.S. Defense Advanced Research Projects Agency (DARPA) reusable Experimental Spaceplane (XS-1),” according to a press release on the company’s website.
- Aerojet provides the majority of solid rocket motors for Raytheon’s standard missiles, including the SM-2 missile, SM-3 interceptor and SM-6 missiles.

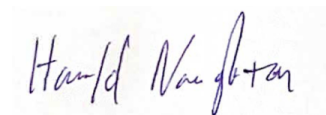
Simply put, should this proposed acquisition take place, how can we ensure that Lockheed Martin does not use its ownership of Aerojet Rocketdyne to freeze out competitors and block other defense contractors from accessing Aerojet Rocketdyne rocket technology? And, if this proposed acquisition is allowed, will Lockheed Martin use this competitive advantage to their benefit? If so, it could stifle innovation in missile technology through reduced competition and eliminate any incentive for Lockheed Martin to contain costs that will be borne by the American taxpayer.

In Lockheed Martin’s Q4 earnings call on January 26, 2021, CEO James Taiclet went as far to say that he believes the U.S. defense systems should be more like that of China, as a justification for the acquisition, saying government officials should ask themselves: “How does China operate its defense industrial base? How does it organize it and what are the capabilities and velocity again that comes from that?” Not only is Mr. Taiclet encouraging the U.S. government to look to our adversaries for a defense system model, but he is also acknowledging a “state owned” or monopolistic nature of the acquisition his company is asking the FTC to approve.

In closing, as someone who has dedicated most of my adult life to public service, including enlisting in the Army after the September 11th attacks, and serving multiple deployments in Iraq, Afghanistan and elsewhere in the Global War on Terror, I believe that our leadership in Washington has a responsibility to ensure that potential acquisitions, especially those impacting the National Security sector, do not defy antitrust efforts. I hope I have laid out a compelling case as to why your Administration should block this potential acquisition between Lockheed Martin and Aerojet Rocketdyne.

Thank you for attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Hank Naughton". The signature is written in a cursive, flowing style.

Hank Naughton
Centrist Democrats of America