



Northrop Grumman KC-45: Why We Won - Past Performance

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Highlighting reasons the U.S. Air Force selected the KC-45 Tanker as best for our men and women in uniform.

WASHINGTON, June 10 /PRNewswire-FirstCall/ -- The U.S. Air Force found Northrop Grumman Corporation's (NYSE: NOC) bid to build the next generation of aerial refueling tankers superior to Boeing's in four of the five most important selection criteria (the two companies tied on the fifth). Despite this fact, the losing bidder wants the Government Accountability Office to overturn the Air Force decision to award the contract to Northrop Grumman even though the Air Force conducted what even Boeing described as a fair, open and transparent bidding process. Here is another reason Northrop Grumman won, drawn from a list of facts included in a redacted version of a protected Air Force selection document.

Past Performance

When the Air Force puts a contract up for bid, a contractor's report card on related projects is a key factor in helping the Air Force decide whether the contractor can complete its work on time and on budget. While Boeing argues that its past record in building tankers should make it a clear winner over Northrop Grumman, the Air Force looked at Boeing's track record and concluded exactly the opposite. Because replacing its aging tanker fleet is a top priority for the Air Force, it paid special attention to each company's past record. After doing so, it reached this finding about Boeing's past program management, an important sub-factor in the crucial Past Performance category: "There was a notable difference between the two offerors. Northrop Grumman received a rating of 'Satisfactory Confidence,' while Boeing received a rating of 'Little Confidence.'"

A rating of little confidence means the Air Force concluded that "Based on the offeror's performance record, substantial doubt exists the offeror will successfully perform the required effort." The reasons for the Air Force's poor rating of Boeing were redacted for business competition purposes.

But it is no secret that Boeing built its last new KC-135 over 40 years ago and has now lost five consecutive tanker competitions. Before losing the KC-45 tanker contract to Northrop Grumman, Boeing had lost four straight tanker bids with foreign governments. It is also true that Boeing is three years late and counting in delivering a tanker to Italy, and Italy still has no tanker. Boeing was also more than a year late in delivering an airworthy tanker to Japan, which still does not have an operationally certified tanker. What is more, Boeing told the Air Force it would construct a new version of the KC-767 to meet the Air Force's requirements, and start-up costs for new projects often exceed what the bidder estimates, particularly when program management has performed poorly in the past.

The Air Force would have been derelict in its obligation under the law to provide taxpayers with the best value for their dollar had it not taken these facts into consideration.

By contrast, it is worth noting that the Northrop Grumman team has already built, flown and tested a prototype aircraft and conducted a successful fuel transfer through its boom -- a significant factor in the Air Force's conclusion that Northrop Grumman can provide more planes faster to the government than Boeing would have been able to do.

The Air Force stated that Northrop Grumman received a superior rating because of its "Excellent and satisfactory [risk] ratings on six [other] contracts." The Air Force document concluded, "The higher confidence rating for Northrop Grumman ... was a discriminator" because "This difference in the program management provides better overall confidence. Northrop Grumman [was] more advantageous."

About the KC-45

The KC-45 Tanker aircraft will be assembled in Mobile, Ala., and the KC-45 team will employ 48,000 American workers at 230 U.S. companies in 49 states. It will be built by a world-class industrial team led by Northrop Grumman, and includes EADS North America, General Electric Aviation and Sargent Fletcher.

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