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Statement from EADS North America on Northrop Grumman's decision not to bid on the U.S. Air Force KC-X contract

ARLINGTON, Va. – March 8, 2010 – Today EADS North America released the following statement from Ralph D. Crosby, Jr., Chairman of the Board.

“Five years ago EADS partnered with Northrop Grumman, as prime, to pursue the U.S. Air Force KC-135 modernization program. Two years ago our team was selected and awarded the contract. Today Northrop Grumman has decided not to submit a bid to the Department of Defense for the KC-X program.

“As a team, our serious concerns were expressed to the Department of Defense and the U.S. Air Force that the acquisition methodology outlined in the request for proposal (RFP) would heavily weigh the competition in favor of the smaller, less capable Boeing tanker. Northrop Grumman's analysis of the RFP reaffirmed those concerns and prompted the decision not to bid.

“The source selection methodology clearly signals a preference for a smaller aircraft. This is particularly disappointing given that the Air Force previously selected the A330-based KC-45 because of its added capability, lower risk and best value for both the warfighter and U.S. taxpayer. The Defense Department's RFP ignores the added combat capability that could be provided to our military and, for the first time, ensures that our allies will operate with superior capability in this vital mission area.

“The A330 multi-role tanker transport is the most capable, low risk tanker in the world today—having been flown, tested and proven. The A330 MRTT has been selected over

the Boeing tanker in the last five consecutive competitions and will shortly enter service with several U.S. allies.

“This decision does not diminish our commitment to the U.S., or to its service men and women. The enduring strength of our commitment is reflected in the success of the Army’s Light Utility Helicopter—of which we are prime contractor and that just celebrated its 100th on-schedule delivery. And it also can be seen in the many EADS systems and capabilities that operate with the U.S. Army, Navy, Air Force and Coast Guard.

“EADS is the largest international customer for U.S. aerospace and defense products, contributing over \$11 billion dollars annually to the American economy and supporting more than 200,000 high technology jobs. We remain committed to our U.S. customers, suppliers and the American workforce.

“We express our appreciation to the states and communities in which we do business, and particularly to their elected officials who have been unwavering in their determination to provide the best available capability to the American warfighter.

“We also must acknowledge the support from the leadership of France, Germany, the United Kingdom and Spain in promoting transatlantic defense cooperation as a two-way street and the interoperability that the KC-45 would offer.”

About EADS North America

EADS North America is the North American operation of EADS, a global leader in aerospace, defense and related services. As a leader in all sectors of defense and homeland security, EADS North America and its parent company, EADS, contribute over \$11 billion to the U.S. economy annually and support more than 200,000 American jobs through its network of suppliers and services. Operating in 17 states, EADS North America offers a broad array of advanced solutions to its customers in the commercial, homeland security, aerospace and defense markets.

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