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Key Boeing Meeting On Tanker

By Stephen Manning, Associated Press

WASHINGTON — Boeing is slated to meet with Pentagon officials today over the latest phase of a disputed \$40 billion tanker contract as the company prepares its response to what some lawmakers and analysts have said are new guidelines that favor the larger plane of the rival Northrop Grumman-EADS team.

The meeting at Wright-Patterson Air Force Base in Dayton, Ohio, will be to discuss the new draft request for proposals (RFP) issued last week. The document outlines the Pentagon's requirements for the new fleet of 179 aerial-refueling planes for the Air Force.

Boeing spokesman Dan Beck would not discuss the comments the company gave to the Pentagon on Sunday or the nature of the upcoming talks.

Boeing has not had any substantial reaction to the new guidelines, issued after its protest of the original award to Northrop Grumman and its partner European Aeronautic Defence and Space (EADS), Airbus' parent. A Government Accountability Office review found "significant errors" in the Air Force's decision, and Defense Secretary Robert Gates reopened the bidding.

Defense analysts say Boeing could register its objections to the new RFP by filing another protest or threatening not to bid at all. Either option could drag out development of a plane the Air Force badly needs to replace its 1950s-era tankers.

"Boeing will need to do everything in its power to maximize the competitive balance of that RFP," said analyst Jim McAleese.

That means trying to overcome language in the draft request that appears to give extra credit to the Northrop-EADS KC-45 plane over Boeing's KC-767.

The new decision will give "additional value" to a plane that can carry more fuel than is required, language that Boeing's Capitol Hill supporters have said favors Northrop's larger plane.

Boeing could submit a bid based on its larger Boeing 777 commercial aircraft or a stretched version of its original design. But some analysts and Boeing allies suggest the tight time frame of the new bidding — the Pentagon wants to pick a winner by the end of the year — would make it difficult to re-engineer its proposal.

"There is absolutely no way that they could do that," said George Behan, a spokesman for Rep. Norm Dicks, D-Bremerton, one of Boeing's staunchest supporters in Congress.

Boeing's stock fell \$1.24, or 1.8 percent, to \$66.62 on Monday after a report in Aviation Week, citing unnamed sources, said the company may not submit a bid because of concerns over the new RFP.

Beck would not comment on the report and Pentagon spokesman Bryan Whitman said there was no indication that either company would bow out of bidding.

If Boeing opts not to compete, the Pentagon would be forced to award a sole source contract to Northrop-EADS as the only remaining bidder, McAleese said. A \$40 billion contract would be a huge amount to award without any competition, he said, and could drag a decision past the end of the year.

The Northrop-EADS team also submitted comments Sunday and is to meet with the Pentagon after Boeing does today.

Northrop spokesman Randy Belote would not comment on the submission but said the Los Angeles company believes the new draft RFP does not alter requirements the Pentagon was looking for in the first round of bidding.

During the original contract award, Northrop used suggestions that it would not bid to win concessions, such as language on the plane's size. But Northrop had the support of the current presumptive Republican presidential nominee Sen. John McCain, R.-Ariz., to help push through those changes, said Loren Thompson, a defense analyst at the Lexington Institute.

Boeing likely doesn't have the same congressional muscle behind it this time. Still, the best bet is to "stay in and play the game," Thompson said.

Associated Press business writer Donna Borak contributed to this report.