Boeing: Uncertainty About Process Remains After Air Force Tanker Debrief

ST. LOUIS, March 07, 2008 -- The U.S. Air Force has completed a debriefing for The Boeing Company [NYSE: BA] during which acquisition officials sought to explain why they selected a team of Northrop Grumman and the European Aeronautic Defence and Space Company (EADS) for a contract to replace aerial refueling tankers.

The debriefing on Friday came one week after the Air Force's surprising announcement that it had chosen the Northrop-EADS team over the Boeing KC-767 tanker offering.

"We spent several hours with Air Force leaders, listening and probing, all in an effort to better understand the reasoning behind their decisions," said Mark McGraw, Boeing vice president and program manager of the KC-767 tanker. "While we are grateful for the timely debriefing, we left the room with significant concerns about the process in several areas, including program requirements related to capabilities, cost and risk; evaluation of the bids and the ultimate decision.

"What is clear now is that reports claiming that the Airbus offering won by a wide margin could not be more inaccurate," said McGraw.

Boeing officials said that they will take the next few days to evaluate the data presented and will give serious consideration to filing a protest.

"Our plan now is to work through the weekend to come to a decision on our course of action early next week," said McGraw. "It will be a very rigorous and deliberative process to ensure we're balancing the needs of the warfighter with our desire to be treated fairly. For decades Boeing has been recognized as a defense company that never takes lightly protests of our customers' decisions."

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