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Corporate News: Tanker-deal split sought for Boeing, Northrop

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WASHINGTON -- House lawmakers are working to split a politically charged, \$40 billion effort to replace the U.S. Air Force's fleet of flying gas stations between Boeing Co. and Northrop Grumman Corp.

Rep. Neil Abercrombie (D., Hawaii), who chairs the House Armed Services Subcommittee on Air and Land Forces, said Wednesday he will insist that the Pentagon replace its nearly 50-year-old jets by turning to both companies.

The effort to replace the Air Force tanker fleet was a political albatross throughout the Bush administration and risks becoming the same during the Obama administration. A team comprising Northrop and European Aeronautic Defence & Space Co. won the contract in February 2008 to provide 179 new planes, which were based on an Airbus A330. Boeing offered a smaller 767 design, which lost, but the company successfully protested the defeat with the Government Accountability Office.

The Pentagon had planned to hold a new competition, but a move to split the work would likely remove the threat of another delay from future protests.

While such a move has the potential to defuse a standoff between Boeing and Northrop supporters in Congress at a time when the White House doesn't need another fight over weapons spending, those seeking to split the work will still have to win over Defense Secretary Robert Gates and some in the Senate, such as Arizona Sen. John McCain.

A Boeing spokesman said the company isn't taking a position on the issue. A Northrop Grumman spokesman said the company is confident it could beat Boeing again.