

NORTHROP GRUMMAN



Wes Bush
President
and Chief Operating Officer

Northrop Grumman Corporation
1840 Century Park East
Los Angeles, California 90067-2199
Telephone 310-201-3318

December 1, 2009

The Honorable Dr. Ashton B. Carter
Under Secretary of Defense for Acquisition, Technology & Logistics
3010 Defense Pentagon
Room 3E1010
Washington, DC 20301-3010

Dear Secretary Carter,

My letter of November 4, 2009 advised you that Northrop Grumman may not be able to submit a bid to the Department of Defense for the KC-X tanker replacement program if there were not meaningful changes made to the draft RFP. In that letter, I recommended that a second draft RFP be circulated to allow industry to provide its input regarding the Department's responses to industry's concerns.

The KC-X contracting office recently notified Northrop Grumman that the Department does not plan to issue a second draft RFP. Further, the Department's responses to date to our submitted questions suggest that the Department is not planning to substantially address our concerns in the final release of the RFP.

As a result, I must regrettably inform you that, absent a responsive set of changes in the final RFP, Northrop Grumman has determined that it cannot submit a bid to the Department for the KC-X program. We have carefully deliberated this position, as we are convinced that our tanker offering would provide the best capability for the warfighter and the taxpayer. Furthermore, we are aware of how important it is to the credibility of the ultimate KC-X tanker award that it be arrived at competitively. We have provided the Department a full description of our concerns, including the clear preference in the draft RFP for a smaller aircraft with limited multirole capability and its imposition of a structure that places contractual and financial burdens on the company that we simply cannot accept. For all of the reasons we have provided, Northrop Grumman cannot proceed to submit a bid to the Department against the RFP as currently structured.

December 1, 2009

Page 2 of 2

Northrop Grumman has more than 200 suppliers on this program, as well as significant community partnerships with governmental entities that have committed their financial resources to support our offering. Consequently, we are committed to communicating with them our conclusions in this regard. We are proceeding with that communication upon transmittal of this letter.

It is my hope that the Department will elect to modify its approach to this procurement in a way that would enable us to offer our product for your consideration. I will be pleased to discuss this matter with you further at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Wes Bush". The signature is fluid and cursive, with the first name "Wes" being more prominent than the last name "Bush".

Wes Bush

cc: The Honorable William Lynn, Deputy Secretary of Defense
The Honorable Michael Donley, Secretary of the Air Force