

# Northrop weighs up Vought acquisition

BY RAMON LOPEZ  
IN WASHINGTON DC

Northrop is considering an option to acquire all of Vought Aircraft now that it has won the bidding war against Martin Marietta for control of Grumman.

Northrop has the option, beginning in September 1995, to acquire the remaining 51% of Vought Aircraft from partner Carlyle Group. Kent Kresa, Northrop's chairman, president and chief executive says: "We will start looking at that very carefully in light of the Northrop/Grumman merger. It is our option. It is premature to say how it will come out."

Northrop and Carlyle became partners in Vought in 1992, when they acquired the company at the time of the break-up of LTV. Vought manufactures structures for military and civil aircraft and is developing the wing of the Gulfstream GV, as a risk-sharing partner.

Northrop may itself be the subject of an unfriendly take-over bid, however. Analysts are speculating that the Northrop/Grumman combination may attract the attention of other US

aerospace giants such as Martin Marietta, Boeing, McDonnell Douglas, or Lockheed, either individually, or as part of a take-over partnership.

Northrop has agreed to purchase all of Grumman's outstanding shares for \$62 per share cash, or about \$2.17 billion in total. The deal was struck after Martin Marietta, refusing to enter into a bidding war for Grumman, declined to increase a \$55 per share offer. Grumman had originally snubbed a \$1.75 billion bid from Northrop and accepted Martin Marietta's offer.

In 1993, Northrop and Grumman together would have had combined sales of over \$8 billion, a firm business backlog in excess of \$13 billion and more than 40,000 employees.

The new company will be known as Northrop Grumman

Corporation. Kresa says that Northrop would follow through on its earlier statement to consider establishing the headquarters of the electronic-business component of Northrop Grumman on Long Island, present site of Grumman's headquarters.

Goals set by the new company include a lead position in integrated reconnaissance-strike and battle-management systems. The aerospace giant would hope to be a world-class designer of tactical and surveillance aircraft and a major player in surveillance, electronic-warfare and combat systems.

Under the terms of an agreement, Martin Marietta will receive \$50 million from Grumman for accepting Northrop's larger offer. Grumman is also responsible for \$9

Group/division	1993 sales (\$m)
<b>Grumman</b>	<b>5,063</b>
Aerospace	1,965
Electronics	636
Information services	657
Vehicles	367
<b>Backlog</b>	<b>6,000</b>
<b>Northrop</b>	<b>5,063</b>
Aircraft	4,114
Electronics	711
Missiles/UAV	274
Services	79
<b>Backlog</b>	<b>6,919</b>

million in expenses incurred by Martin Marietta in the take-over battle.

Martin Marietta recently marked the first anniversary of its acquisition of General Electric's aerospace businesses, and is buying the General Dynamics' space-launcher business. □ See Business Analysis, P20.

# Airwork embarrassed over RAF C-130s

BY MARTIN STREETLY

Airwork has been forced to repair modification work undertaken on part of the Royal Air Force's Lockheed C-130 fleet, after the UK Ministry of Defence (MoD) complained about below standard workmanship.

The UK military-maintenance specialist, acquired by Shorts late in 1993, is still heavily embroiled in a row with the Ministry over allegedly irreparable damage it caused to RAF Panavia Tornado F.3 fighters during a fatigue-index modification programme.

The latest row is a further blow to the company's credibility in the wake of the Tornado affair — although both contracts are believed to have been secured before the Shorts take-over. It also provides ammunition for opponents of the Government's air force-maintenance privatisation policy.

The current troubles centre on the company's work to fit Loral-built ALQ-157 infra-red

countermeasures equipment to 19 of the RAF's 60-strong Hercules transport fleet.

The ministry says that the problem was identified midway through the programme, when "lower-than-expected" standards of workmanship were discovered in fitting the system — consisting of two transmitter units on the outside of the Hercules, plus a power-supply unit, filter assembly and pilot-control indicator. The problem relates to "scalloping of secondary load-bearing structures", says the MoD. A re-work package has been agreed, and Airwork will pay.

The Hercules will suffer no long-term affects to their life span, says the MoD. This is in contrast to the F.3s — some of which are expected to be written off. Al-

though the full extent of the damage is claimed by the MoD to still be under investigation, the final bill could run to over £100 million.

Airwork parent company Shorts says that the company "...is in discussion with the customer over certain aspects of the contract which are in dispute". Installation of the infra-red countermeasures units is part of a wider defensive-aids-suite modification on RAF Hercules including fitting radar warning receivers. □

RAF takes countermeasures against Airwork



## NEWS IN BRIEF

### SEXTANT EXPRESS

Bombardier has selected Sextant Avionique to supply the flight-control systems for the Global Express long-range business jet. Under a risk-sharing agreement with the Canadian company, Sextant will be responsible for design, integration, certification and manufacture of the complete primary and secondary flight-control systems.

### WESTINGHOUSE WIN

Westinghouse Electronic Systems has won a \$15.2 million US Army contract to develop and build the high-resolution radar. The radar is to be used on the Pentagon's long-endurance unmanned aerial vehicle.