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MO 26/7/3L

24th July 1986

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Dear John,

AIRBORNE EARLY WARNING

Prime Minister
You will wish to
note the proposed
timing of the
Nimrod decision

CDP 30/7.

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In my letter of 20th May, I undertook to write again, after we had received the firm price offers in our AEW competition, about the likely timing of a decision.

As you know, I decided last month to allow Grumman time to formulate an offer of a "Hawkrod" solution - putting the radar and electronics of their main E2C ("Hawkeye") proposal into a Nimrod airframe, and as a result I extended the deadline for the submission of the firm price offers by all contenders until 7th July. We have now received offers from a total of seven contractors, including GEC Avionics (GAV), Boeing, Lockheed and Grumman; and work has begun on the complex task of evaluating the financial data and bringing both acquisition costs and assessments of life cycle costs to a common basis so that bids may be compared.

The Rt Hon John MacGregor OBE MP



My officials are aiming to bring the results of their evaluation - technical as well as financial - before my Department's Equipment Policy Committee (EPC) in mid-September. Given the importance and sensitivity of the ultimate decision, I believe it would be wrong to aim for an earlier date, for we must allow enough time for all the options to be evaluated thoroughly. Moreover, I believe that we should allow GAV the full six months from 3rd March to fulfil their obligation in the agreement reached with them on 25th February "to demonstrate to the Ministry the current state of development of the Mission System Avionics and the features it contains".

EPC consideration in mid-September will, I hope, enable me to put a recommendation to colleagues by the end of that month.

I am copying this letter to the Prime Minister, to other OD colleagues and to Sir Robert Armstrong.

*Yours truly,
George*

George Younger

Procurement: DEFENCE AB

