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The U.S. Department of Defense has awarded Boeing [NYSE: BA] Integrated Defense Systems two key Joint Direct Attack Munition (JDAM) contracts recently.

The first contract, worth \$642 million, is for the production of more than 32,000 JDAM Lot 8 guidance kits for the U.S. Air Force and Navy. The kits will convert existing 500, 1000 and 2000-pound unguided free-fall bombs into cost-effective and capable air-to-surface "smart" weapons. The JDAM kits will be delivered by February 2006.

The second contract, worth \$215 million, is a five-year Indefinite Delivery Indefinite Quantity (IDIQ) contract for future integration of JDAM (and JDAM derivative weapons) on various foreign military sales aircraft. The first order issued on the contract was valued at \$1 million. Boeing currently has seven active international customers and is pursuing opportunities throughout the world. Integration is scheduled for completion by December 2008.

"Production of JDAM kits has been critical to the warfighter. Whether supporting operations in Afghanistan or Iraq, or future efforts in the war on terrorism, the JDAM program is now a combat necessity," said Mike Marks, Boeing vice president and general manager for U.S. Air Force Fighter and Bomber Programs, and Weapons Programs.

JDAM was developed in the early 1990's and was used extensively in Operation Iraqi Freedom. It is critical because it provides the warfighter with an autonomous, all-weather, near-precision bombing capability.

A unit of The Boeing Company, Boeing Integrated Defense Systems is one of the world's largest space and defense businesses. Headquartered in St. Louis, Boeing Integrated Defense Systems is a \$27 billion business. It provides systems solutions to its global military, government and commercial customers. It is a leading provider of intelligence, surveillance and reconnaissance; the world's largest military aircraft manufacturer; the world's largest satellite manufacturer and a leading provider of space-based communications; the primary systems integrator for U.S. missile defense; NASA's largest contractor; and a global leader in launch services.

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