Boeing Receives $1.6B Contract for P-8A Poseidon Low-Rate Initial Production

SEATTLE, Jan. 25, 2011 -- Boeing [NYSE: BA] on Jan. 21 received a $1.6 billion contract from the U.S. Navy for low-rate initial production (LRIP) of the P-8A Poseidon aircraft. The LRIP 1 contract is for six P-8A aircraft, spares, logistics and training devices.

The Navy plans to purchase 117 of the Boeing 737-based P-8A anti-submarine warfare, anti-surface warfare, intelligence, surveillance and reconnaissance aircraft to replace its P-3 fleet. Initial operational capability is planned for 2013.

“Providing these production aircraft to the Navy fleet on schedule is our No. 1 goal,” said Chuck Dabundo, Boeing vice president and P-8 program manager. “This is an exciting day for Boeing and the Navy and a testament to the P-8 team’s hard work and determination.”

"This first production contract represents a significant commitment by the U.S. Navy to recapitalize its force of long-range maritime patrol and reconnaissance aircraft," said Capt. Leon Bacon, P-8A deputy program manager for the Navy. “Ensuring that this capability arrives on schedule and within budget remains our primary objective.”

Boeing will begin final assembly of the first LRIP aircraft at its Renton, Wash., facility this summer. The Poseidon team is using a first-in-industry in-line production process that draws on Boeing’s Next-Generation 737 production system. All P-8A-unique aircraft modifications will be made in sequence during fabrication and assembly.

“The in-line approach we’ve incorporated on this military derivative aircraft is already paying the dividends we expected by helping us improve efficiency and reduce costs,” said John Pricco, Boeing Commercial Airplanes P-8 program manager.

As part of the U.S. Navy System Development and Demonstration contract awarded to Boeing in 2004, the team is building and testing six flight-test and two ground-test aircraft. The first three flight-test planes, T1, T2 and T3, are completing testing at Naval Air Station Patuxent River, Md. The program’s static test plane, S1, recently completed its test program, which began in May 2009; S2, the fatigue test plane, will begin testing later this year.

A derivative of the Next-Generation 737-800, the Poseidon is built by a Boeing-led industry team that includes CFM International, Northrop Grumman, Raytheon, Spirit AeroSystems, BAE Systems and GE Aviation.

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