

KC-46 Tanker Update

Written by Nick Sanders
Thursday, 28 July 2016 00:00

For those keeping score.

Boeing [announced](#) on July 21, 2016 that –

The company will also recognize a \$393 million after-tax charge (\$0.62 per share) on the KC-46 Tanker program. This charge reflects higher costs associated with previously announced program schedule and technical challenges, including implementation of the hardware solution to resolve the refueling boom axial load issue identified during flight testing, delays in the certification process and concurrency between late-stage development testing and initial production.

This brings the total program write-off (so far) to a hair under \$2 billion. That's \$2 billion over and above the original development contract price of \$4.8 billion. That's \$2 billion over and above the USAF's \$500 million share of the overrun.

There are not very many defense contractors that could have afforded to fund nearly half the development cost of a new aircraft. Fortunately for all concerned, one of them is Boeing.

Tell us again why fixed-price development contracts are preferred these days?

In related news, Boeing claims that it has successfully passed all testing necessary to receive a Milestone C Decision approval and proceed into the Low-Rate Initial Production (LRIP) phase.

Go Pegasus!