Boeing Awarded Performance Based Logistics Contract for Sustainment of Korea F-15Ks

PBL approach will ensure F-15Ks remain operationally ready for years to come, while managing overall life-cycle cost

Korean industry partner Hyundai Glovis to provide logistics handling, supply chain distribution services

ST. LOUIS, Feb. 23, 2012 -- The Boeing Company [NYSE: BA] has received a Performance Based Logistics (PBL) contract from the Republic of Korea's Defense Acquisition Program Administration (DAPA) to ensure the long-term, affordable sustainment of the Republic of Korea Air Force (ROKAF) fleet of F-15K fighter jets. The five-year contract, valued at approximately US$300 million, also brings new opportunities to local industry. Hyundai Glovis will provide in-country logistics handling and supply chain distribution activities.

"Boeing is pleased to continue supporting the ROKAF F-15 fleet, which already has achieved some of the best mission-capability rates of any air force operating the F-15, and those rates have continuously improved since the aircraft's introduction to the ROKAF," said Jim O'Neill, vice president and general manager, Boeing Integrated Logistics. "A PBL approach will ensure the F-15K remains operationally ready to protect the Republic of Korea for years to come by keeping mission-essential parts available when needed to meet the ROKAF's F-15K Mission Capability needs, while managing overall life-cycle cost and providing new opportunities for Korean industry."

Boeing will perform the work using its proven integrated logistics model, which combines supply chain forecasting; coordinated procurement of production and spare parts to benefit from economies of scale; rigorous supplier contracting, quality and risk-management practices; and more efficient delivery processes, as well as collaboration with customer maintenance depots and local industry.

"Hyundai Glovis brings its expertise in logistics handling and distribution to Boeing's long-term PBL solution, helping ensure the ROKAF has the right parts at the right place at the right time," said Brian Kim, vice president, Boeing Defense, Space & Security Business Development for Korea.

PBL is an alternative to the traditional transactional approach to purchasing supply and maintenance support for defense programs. With PBLs, customers buy agreed-to outcomes -- for example, a set mission-readiness rate -- versus purchasing spare parts on a transactional basis. PBLs can be tailored to meet the customer’s needs, from supply of spares and repairs to management of complex systems or full operational fleet support. Boeing is a global aerospace industry leader in providing proven performance-incentivized, integrated logistics solutions for customers around the world and across multiple fixed-wing and rotary-wing aircraft platforms.

Boeing has a strong history of cooperation with the Republic of Korea, going back a half century. Boeing shares productive partnerships with Korea in the commercial and defense aerospace markets and is committed to fostering long-term industrial growth for Korea through high-technology solutions that create jobs. The company employs nearly 190 highly skilled workers in Seoul, Busan, Gimpo, Sacheon, Seosan and Daegu. Today, Boeing works with more than 20 Korean companies and spends more than $220 million annually, maintaining Korea's position in the top quartile of nations with which Boeing does business.

A unit of The Boeing Company, Boeing Defense, Space & Security is one of the world's largest defense, space and security businesses specializing in innovative and capabilities-driven customer solutions, and the world's largest and most versatile manufacturer of military aircraft. Headquartered in St. Louis, Boeing Defense, Space & Security is a $32 billion business with 62,000 employees worldwide. Follow us on Twitter: @BoeingDefense.

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