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\$185M US Army contract covers rotor-blade production, overhaul and distribution

ST. LOUIS, Oct. 5, 2012 -- The U.S. Army has awarded Boeing [NYSE: BA] a five-year Performance-Based Logistics (PBL) contract for CH-47 Chinook support, an arrangement that reduces customer costs while allowing Boeing to invest in improving products and processes. The \$185 million contract covers management of the production, overhaul and distribution of the Army's supply of Chinook helicopter rotor blades.

"PBLs are outcome-focused sustainment contracts that guarantee enhanced performance and improved costs," said Peri Widener, Rotorcraft Support vice president for Boeing. "We work with our customer to reduce costs through longer-term agreements, purchasing only the parts needed and investing in techniques that extend the life of key components."

Under a PBL contract, the customer pays for a support package with an agreed-to level of readiness, unlike traditional contracts based on payment for specific parts and services.

Boeing has been collaborating with U.S. Army Aviation and Missile Life Cycle Management Command for several years on ways to improve the tooling used to produce and repair Chinook rotor blades. The company also has increased the efficiency and capacity of its Chinook supply chain through the use of improved asset management and forecasting tools, an enhanced supplier network and a public-private partnership with the Corpus Christi Army Depot.

Boeing, a leader in the use of PBLs, has performance-based support contracts for the AH-64 Apache, V-22 Osprey, and international CH-47 programs.

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