

Boeing Receives \$2 Billion C-17 Aircraft Sustainment Contract

Performance-Based Logistics program to support aircraft through 2017

ST. LOUIS, Oct. 10, 2012 -- Boeing [NYSE: BA] will continue assuring the worldwide availability of C-17 aircraft, which provide vital military and humanitarian airlift capability, through a \$2 billion follow-on contract it recently received from the U.S. Department of Defense.

The C-17 Globemaster III Integrated Sustainment Program (GISP) provides support services such as forecasting, purchasing and material management for the C-17 and all C-17-unique support. This Performance-Based Logistics (PBL) program, which started in 1998 with 42 aircraft, now covers 246 worldwide. It provides lower costs through economies of scale from supporting the entire global fleet. The latest contract covers fiscal years 2013 through 2017.

Under a PBL arrangement, a customer receives an agreed-to level of system readiness, as opposed to a traditional contract for specific spare parts and support services. This integrated logistics approach -- in which Boeing manages U.S. assets as a designated Inventory Control Point -- has allowed Boeing to apply innovative spares forecasting and modeling tools to maximize aircraft availability while lowering costs. In many cases, Boeing has provided readiness levels beyond those spelled out in the agreements.

The Department of Defense recently recognized the U.S. Air Force-Boeing GISP team with the 2012 Secretary of Defense "system-level" PBL Award.

"This contract award and the recognition from the secretary of defense are testaments to the long-standing partnership between the U.S. Air Force and Boeing," said Gus Urzua, Boeing vice president and GISP program manager.

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Contact:

Lori Moore
Global Services & Support
Office: +1 314-777-0709
Mobile: +1 314-614-8915
lori.j.moore@boeing.com
