
AgustaWestland awarded 658 million euro contract for long term EH101 Integrated Support

The agreement will transform logistics support arrangements for the UK Ministry of Defence's fleet of EH101 Merlin helicopters

AgustaWestland, a Finmeccanica company, has been awarded the Integrated Merlin Operational Support (IMOS) contract which will transform logistics support arrangements for the UK Ministry of Defence's fleet of EH101 Merlin helicopters.

This partnering arrangement, valued at 658 million euro (£450 million) for the first five years of a 25 year contract, will provide support to the UK MoD's fleet of EH101 Merlin Mk.1 and Mk.3 helicopters, operated by the Royal Navy and the Royal Air Force respectively.

The IMOS contract introduces payments for achieved flying hours and novel incentivisation arrangements associated with delivering agreed levels of aircraft serviceability, operational fleet aircraft numbers and EH101 Merlin HM Mk.1 training system availability. Unique contract mechanisms will allow Industry to meet changing MoD requirements whilst retaining supply chain stability.

Announcing the contract whilst on a visit to AgustaWestland in Yeovil, Adam Ingram, Minister for the Armed Forces, said: "Until now MoD has operated separate support systems for the two different types of Merlin aircraft. This was the best approach when introducing both helicopters into service, but not the optimum way to manage support in the long-term. This new contract will incentivise industry to increase the availability of Merlin helicopters to the Front Line Commands, while saving the MoD and UK taxpayers around £1bn in support costs over the next 25 years. These arrangements will also sustain up to 1,200 jobs, many of which are at AgustaWestland in Yeovil. This through-life approach to supporting operations is a good example of MoD's recently announced Defence Industrial Strategy in action."

"This contract is a further confirmation of the AgustaWestland's commitment to provide efficiencies in and support to the UK helicopter fleet and to guarantee value for money to the UK government", commented Giuseppe Orsi, AgustaWestland's Chief Executive Officer.

Speaking after the announcement of the contract Alan Johnston, AgustaWestland's Military Programmes Managing Director said "AgustaWestland is delighted with the award of the IMOS contract. Having been awarded the first IOS contract for the Sea King fleet last year, operators have already seen significant improvements in support. The IMOS contract takes AgustaWestland's Integrated Operational Support to the full *Availability Output* level placing the responsibility on the Company to deliver complete supply chain management and an operational fleet availability service. The programme will also deliver major support cost savings while enhancing aircraft availability to the UK Ministry of Defence. Integrated Operational Support lies at the heart of Strategic Partnering with the UK MoD and our commitment to business transformation, which will deliver benefits to all parties."

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AgustaWestland has been developing the concept of Integrated Operational Support with the UK MoD for over three years and the concept is now generating significant interest from AgustaWestland customers outside the UK.

In April 2005 AgustaWestland was awarded its first IOS contract for the UK MoD's Sea King helicopter fleet. Valued at 438 million euro (£300 million) the Sea King IOS contract is already realising planned cost savings while maintaining aircraft availability. AgustaWestland is discussing further IOS and Through Life Capability Management opportunities with the UK MoD that include the Apache AH Mk.1 Attack Helicopter and the Future Lynx helicopter, selected in March 2005 as the preferred solution for the Battlefield Reconnaissance Helicopter and Surface Combatant Maritime Rotorcraft requirements.

Simultaneously with the award of the IMOS contract, AgustaWestland has awarded Lockheed Martin a contract to provide support to the Royal Navy's EH101 Merlin HM Mk.1 mission system, which includes the Merlin Avionics Systems, the Merlin Avionic Test System and the Merlin Training System at RNAS Culdrose.