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MBDA TO SUPPORT ARMY AIR DEFENCE CAPABILITY UNDER JOINT MOD/MBDA “ADAPT” CONTRACT

MBDA has been awarded a £156 million (€230 million) contract by the UK Ministry of Defence (MoD) to maintain the armed forces’ Rapier air defence system. This ADAPT (Air Defence Availability Project) contract will sustain the capability of the Rapier FSC system and ensure its readiness and availability for deployment until the out of service date in 2020.

Under ADAPT, launched in August 2005 by the MoD’s Land Guided Weapons Integrated Project Team (IPT), the MoD has been evaluating the best value for money option to provide support for Rapier on an availability basis. This resulted in both MBDA and internal MoD SMART Best Value Benchmark bids being submitted. The MBDA bid offered the best value for money at the required readiness and availability levels, it also met the demanding service provision criteria and offered considerable savings to the UK armed forces. The 13 year firm price ADAPT contract includes incentives to encourage MBDA to look for continuous improvement and on-going economies. During the evaluation phase, the MoD’s own calculations showed that the MBDA solution would realise a reduction in Rapier Cost of Ownership (COO) of over £170 million (€ 250 million) during the life of the contract.

Land Guided Weapons IPT Leader Shaun Harris said: “I am delighted that we will be working with MBDA on this important contract in support of the Rapier FSC system. ADAPT is a great endorsement of the principles set out in the Defence Industrial Strategy and an important stepping-stone towards future Complex Weapons arrangements. It clearly demonstrates MoD’s willingness to engage with defence industry key players on a long-term basis. In addition, by building incentives into the contract, we will strive to improve support to the Front Line still further and at the same time reduce the cost to the taxpayer”.

Also commenting on the ADAPT contract Barry Flower, MBDA Group Director Customer Support and Services, said: “The MoD has called for *‘dramatic changes to the way that industry and the MoD operate’* in the field of Complex Weapons. In response, it is clear that ADAPT is a major step forward in this direction. ADAPT is a Contract for Availability (CFA) at the weapon system level whereby MBDA and MoD will work co-operatively over the long-term to ensure the best possible outcomes for the Service user. By establishing a sustainable partnering relationship, ADAPT will enable better through-life decisions to be taken to deliver higher support performance, continuous improvement and consequently better value for money for the UK’s armed forces”.

Over a period of years under an earlier support contract, known as TRADERS, MBDA has been managing the availability of spares, consumables and repairable assets for Rapier FSC, however under ADAPT MBDA assumes support responsibility for the management of all Rapier fire units used by the Army. MBDA will ensure that complete and fully serviced fire units, together with the necessary spares, are available and delivered on demand at the required UK location, in the Falkland

Islands and on operations elsewhere. The fire units will be housed in the UK at North Luffenham (in the county of Rutland about 90 miles / 144km north of London) where 16 Regiment Royal Artillery is based. It is at this site that MBDA will operate a 'centre of excellence' combining storage, repairs, training and fleet management in a single facility.

As well as company personnel on site, MBDA will also recruit and train "sponsored reserves" thereby ensuring the ready availability of field maintenance crews for potential operational deployment with the equipment when and if required.

Significantly, and in line with the new partnering approach called for by the MoD under its Defence Industrial Strategy (DIS), the ADAPT contract includes measures and milestones that underpin the transformation of the relationship between MBDA and the MoD. Both parties seek to streamline and improve their business processes and decision making on the project. To support this approach, MBDA has agreed to share with the MoD, on a regular basis, relevant detailed data, thereby providing the MoD with the required level of transparency.

Notes to editors

Rapier FSC, known as Jernas for the export market, is a mobile air defence system armed with eight guided Rapier Mk.2 missiles. The system, which can be readily deployed by helicopter to the most inaccessible of locations, provides a highly effective defence against a range of threats such as cruise missiles, fixed or rotary wing aircraft and UAVs at any time of night or day and regardless of weather conditions. Rapier FSC entered service with the British Armed Forces in 1996.

With an annual turnover exceeding €3 billion, a forward order book of over €13 billion and over 70 customers world wide, MBDA is a world leading, global missile systems company. MBDA currently has 45 missile system and countermeasure programmes in operational service and has proven its ability as prime contractor to head major multi-national projects.

MBDA is jointly owned by BAE SYSTEMS (37.5%), EADS (37.5%) and FINMECCANICA (25%).

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