

Lockheed Martin Receives \$532 Million Production Contract Initiating International Sales Of Battle-Proven PAC-3 Missile

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Lockheed Martin has received a \$532 million contract for 156 PAC-3 Missiles for the U.S. Army, The Netherlands and Japan. This represents the first international sales of the battle-proven PAC-3 Missiles.

The contract also includes launcher modification kits as well as kits of spares and other ancillary ground equipment. The PAC-3 Missile is currently the world's only fielded hit-to-kill, pure kinetic energy air defense missile.

Under the contract, Lockheed Martin will deliver 156 PAC-3 Missiles to the U.S. Army, 32 of which will then be delivered to The Netherlands and 16 missiles to Japan. The Netherlands and Japan are receiving their respective interceptors under Foreign Military Sale (FMS) agreements.

The U.S. Army Aviation and Missile Command, Huntsville, AL, is the contracting agency. Delivery of all missiles and equipment should be completed during 2006. Work will take place at Lockheed Martin facilities in Dallas and Lufkin, TX, and Camden, AR.

"The PAC-3 Missile offers hit-to-kill lethality and much greater protection against weapons of mass destruction than other air defense missiles," said Steve Graham, vice president - PAC-3 Missile Program at Lockheed Martin Missiles and Fire Control. "All Patriot-using nations have expressed interest in improving their defensive capabilities by upgrading to the PAC-3 system, and we want to put this vital capability into their hands as soon as possible."

Lockheed Martin Missiles and Fire Control is prime contractor on the PAC-3 Missile Segment upgrade to the Patriot air defense system. The PAC-3 Missile Segment upgrade consists of the PAC-3 Missile, a highly agile hit-to-kill interceptor, the PAC-3 Missile canister (which holds four PAC-3 missiles), a Fire Solution Computer and an Enhanced Launcher Electronics System. These elements are being integrated into the Patriot system, a high to medium altitude, long-range air defense missile system providing air defense of ground combat forces and high-value assets.

In 2004, three PAC-3 Missile operational tests were conducted at White Sands Missile Range, NM. All three tests were against threat representative targets and employed operational doctrine, with each test increasing in complexity. All 2004 tests were successfully conducted, achieving intercept of all targets. The PAC-3 Missile has intercepted 17 targets in 19 opportunities during its testing phase, which stretches back several years and represents the most successful testing of any air and missile defense interceptor of this complexity.

"No other air defense missile can perform and protect like PAC-3, and international sales

of the PAC-3 Missile Segment are significant because they add to the production base and contribute to further reductions in the missile price," Graham added.

The PAC-3 Missile is the world's most advanced, capable and powerful theater air defense missile. It defeats the entire threat to the Patriot Air Defense System: tactical ballistic missiles (TBMs) carrying weapons of mass destruction, advanced cruise missiles and aircraft. PAC-3 Missiles significantly increase the Patriot system's firepower, since 16 PAC-3s load- out on a Patriot launcher, compared with four of the older Patriot PAC-2 missiles.

The PAC-3 Missile has been selected as the primary interceptor for the multi-national Medium Extended Air Defense System (MEADS). MEADS is a model transatlantic development program for the next generation of air and missile defense. MEADS will focus on risk reduction, application of key technologies and validation of a system design incorporating the PAC-3 Missile as the primary interceptor.

PAC-3 Missiles will act in conjunction with Terminal High Altitude Area Defense (THAAD) Missiles to provide a layered coverage. PAC-3 supplies the lower-tier defense against air and missile threats while THAAD provides upper- tier coverage against ballistic missiles. THAAD flight testing is scheduled for later this year.

Headquartered in Bethesda, MD, Lockheed Martin employs about 130,000 people worldwide and is principally engaged in the research, design, development, manufacture and integration of advanced technology systems, products and services.

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