Lockheed Martin And Department Of War Advance Landmark Acquisition Transformation To Accelerate PAC-3® MSE Production

Agreement supports new Department of War Acquisition Transformation Strategy

DALLAS, Jan. 6, 2026 /PRNewswire/ -- Lockheed Martin (NYSE: LMT) signed a landmark framework agreement with the U.S. Department of War to rapidly accelerate the production and delivery of PAC-3® Missile Segment Enhancement (MSE) interceptors. This transformative partnership, designed to deliver sustained production at scale, will increase annual capacity from approximately 600 to 2,000 in a seven-year agreement, supporting U.S. forces, allies and partner nations.

THE BIG PICTURE

- **Acquisition Transformation:** This agreement is a direct outcome of the Department of War's Acquisition Transformation Strategy, one of the most significant reforms to U.S. warfighting acquisition in decades. The framework introduces a new model that provides long-term demand certainty, enabling industry investment, increasing production rates and driving operational efficiencies. It incorporates a collaborative financing approach designed to preserve initial cash neutrality, allowing industry to invest confidently to meet required production levels. The agreement reflects years of collaboration to modernize acquisition and deliver critical capability at the speed and scale required by today's security environment.

- **Timeline:** The seven-year agreement increases capacity for PAC-3 MSE to approximately 2,000. Lockheed Martin is well-positioned to fulfill this agreement, having recently increased PAC-3 MSE production by more than 60% over the past two years. In 2025, Lockheed Martin delivered 620 PAC-3 MSEs, exceeding the previous year by more than 20%.

- **Investing for the future:** Lockheed Martin will support necessary investments to drive the production increase, and both the Department of War and Lockheed Martin will participate in the cost savings opportunity enabled by long-term demand certainty for PAC-3 MSE interceptors.

WHY IT MATTERS

Following recent real-world operations, global demand for PAC-3 MSEs continues to soar. This agreement will more than triple production capacity to meet the needs of U.S. forces, allies and partner nations. As a result, the PAC-3 program will add thousands of additional American jobs across the supply chain. Beyond increased output, the agreement strengthens the resilience and anti-fragility of the U.S. defense industrial base by enabling long-term supplier investment, predictable demand signals and sustained production.

In 2025 alone, more than 24,000 Missiles and Fire Control products were delivered to America and its allies.

EXPERT PERSPECTIVE

"We appreciate the Department of War's leadership in advancing acquisition reform," said Lockheed Martin Chairman, President and CEO Jim Taiclet. "This first-of-its-kind approach builds on years of advocacy and collaboration to bring commercial practices to major acquisition programs. We will create unprecedented capacity for PAC-3 MSE production, delivering at the speed our nation and allies demand while providing value for taxpayers and our shareholders."

ADDITIONAL CONTEXT

- Lockheed Martin will continue to work with the U.S. government toward an initial contract award, expected in final fiscal year 2026 Congressional appropriations.

About Lockheed Martin

Lockheed Martin is a global defense technology company driving innovation and advancing scientific discovery. Our all-domain mission solutions and 21st Century Security® vision accelerate the delivery of transformative technologies to ensure those we serve always stay ahead of ready. More information at Lockheedmartin.com.

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