

# Lockheed Wins Preliminary Deal Worth up to \$5.37 Billion for More F-35s

**BETHESDA, MARYLAND.** Lockheed Martin Corp has won a preliminary contract valued at up to \$5.37 billion to build a ninth batch of 55 F-35 jets for the US military and its allies, the US Department of Defense said November 3. The Pentagon's F-35 programme office said it expected to finalise the terms of the deal, known as an "Un definitised Contract Action" or UCA, with Lockheed, its No 1 supplier, by the end of the year.

The Department said the deal would allow Lockheed to receive \$625 million in funding immediately, a move aimed at preventing major delays in

production of the new stealthy fighter jets. Lockheed is developing and building three models of the new warplanes for the US military and nine other countries that have signed up to buy the jets: Britain, Australia, Italy, Turkey, Norway, the Netherlands, Israel, Japan and South Korea.

The Pentagon expects to spend \$391 billion to develop the plane and buy 2,457 jets, making the F-35 its single most expensive weapons programme. Lockheed last month said it had \$2.4 billion in potential cost and termination liability exposure, given its decision to self-fund work on F-35 jets and C-130J cargo planes

while negotiating contracts with the Government. The latest agreement will allow the company to continue production of the F-35 jets while it finalises the terms of an agreement with the Pentagon, said Lockheed spokesman Michael Rein. "This allows us to continue production with no interruptions," he said.

The immediate funding of \$625 million comes on top of \$698 million in advancement procurement funding already awarded to Lockheed for the ninth batch of jets. Those sums will be deducted from the total contract when the two sides reach a final agreement. The Pentagon is negotiating a separate contract with Pratt & Whitney, a unit of United Technologies Corp, for engines to power the 55 jets. Joe DellaVedova, spokesman for the F-35 programme, said the programme expected to reach a handshake agreement with Pratt by the end of the year, and then finalise the contract in early 2016.

The ninth batch of jets includes 41 F-35 A-model jets for the US Air Force, Norway, Israel and Japan; and 12 F-35 B-model jets, which can handle short takeoffs and vertical landings, for the Marine Corps and the British navy, as well as two carrier-variant F-35C jets for the US Navy. ■

