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Boeing [NYSE:BA] and Lockheed Martin [NYSE: LMT] have won one of two U.S. Air Force contracts for the competitive risk reduction phase of the Small Diameter Bomb (SDB) Increment II program.

As the prime contractor, Boeing will supply the air vehicle -- a derivative of SDB Increment I -- as well as the data link system. Lockheed Martin, the principal supplier, will provide the multi-mode seeker that fulfills the U.S. Air Force and Navy requirement of hitting moving targets.

"Our winning solution integrates Lockheed Martin's multi-mode seeker technology with Boeing's extremely capable SDB system to provide a formidable weapon for the U.S. military," said Virginia Barnes, Boeing Weapons vice president.

The Boeing SDB Weapon system family, to which the all-weather, 250-pound SDB II will be added, quadruples the weapon load on every U.S. fighter and bomber aircraft. The SDB system, with its GBU-39 weapon, will be deployed on the Boeing F-15E Strike Eagle later this year.

Boeing and Lockheed Martin announced their teaming agreement to produce SDB Increment II in October 2005.

As the prime contractor, Boeing will have responsibility for the overall weapon system, including the air vehicle, based on SDB Increment I, which entered low-rate initial production in April 2005. Lockheed Martin has total sub-system responsibility for the seeker system.

"This team will provide the warfighter with a capability that has been needed for some time -- the ability to strike moving targets from standoff range," said Randy Bigum, vice president of Strike Weapons at Lockheed Martin Missiles and Fire Control. "We will enhance the capability of Boeing's proven SDB I system with the addition of our advanced multi-mode seeker, resulting in the best possible SDB II system."

Lockheed Martin's multi-mode seeker enables all-weather attack and classification of moving targets, a critical requirement of SDB II. The seeker has completed extensive work and testing as part of the Joint Common Missile program, making it a low-risk approach. The terminal guidance provided by the seeker will enable aircrews to attack more targets with fewer sorties.

The U.S. Air Force is expected to award a sole source contract for the SDB II system design and development phase by late 2009.

Headquartered in Bethesda, Md., Lockheed Martin employs about 135,000 people worldwide and is principally engaged in the research, design, development, manufacture and integration and sustainment of advanced technology systems, products and services.

A unit of The Boeing Company, Boeing Integrated Defense Systems is one of the world's largest space and defense businesses. Headquartered in St. Louis, Boeing Integrated Defense Systems is a \$30.8 billion business. It provides network-centric system solutions to its global military, government, and commercial customers. It is a leading provider of intelligence, surveillance and reconnaissance systems; the world's largest military aircraft manufacturer; the world's largest satellite manufacturer and a leading provider of space-based communications; the primary systems integrator for U.S. missile defense; NASA's largest contractor; and a global leader in sustainment solutions and launch services.

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