

Defense Update

Flying FARA-way: next-gen scout helicopter cancelled + others

Industry Overview

Army ending FARA, opens up \$4.1bn in projected funding

On February 8, the US Army announced that it would be canceling its Future Attack Reconnaissance Aircraft (FARA) program, in line with industry speculation ([see John Ferrari call recap](#)). FARA was one of two legs of the US Army's Future Vertical Lift (FVL) effort alongside the Future Long-Range Assault Aircraft program, which was awarded to Textron in December 2022 ([see FLRAA award report](#)). We find the decision unsurprising as we had our own doubts regarding FARA's prospective role in a future conflict given its limited range and speed. The FARA program was slated to absorb another \$4.1bn in targeted funding between FY24 and FY28, which will now be available for use on other Army priority programs (Exhibit 1).

Raven & Shadow UAVs + UH-60V also on chopping block

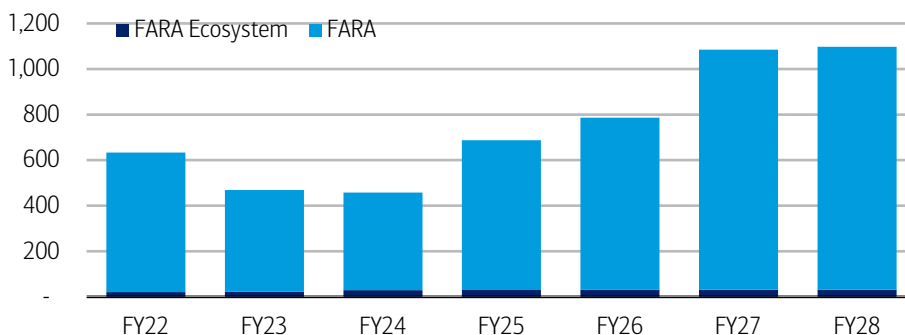
FARA is not the only Army program on the chopping block. The branch also announced that it plans to no longer field its AeroVironment RQ-11 Raven and Textron RQ-7 Shadow unmanned aerial systems (to be replaced by Army's FTUAS Increment 2 program). Additionally, the Army plans to discontinue the previously delay-plagued UH-60V (Victor) helicopters, which Northrop Grumman had been performing cockpit upgrades. The Army is also delayed the acquisition of next-generation engines for the UH-60 and AH-64 fleets.

Funds instead to Black Hawks, Chinook Block II, FLRAA

The newly available funding freed up by the FARA cancellation is now expected to be applied to existing Lockheed Martin Black Hawk fleets, the Boeing CH-47F Block II Chinook heavy lift helicopter, FLRAA, and other R&D efforts for unmanned reconnaissance capabilities. We previously highlighted that Lockheed Martin could see upside from Army demand for a digitally upgraded, "smart" Black Hawk fleet that could fulfill the FARA mission profile ([see LMT 4Q23 report](#)).

Exhibit 1: FARA funding between FY22 and FY28

The FARA cancellation opens up \$4.1bn in targeted funding between through FY28



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FTUAS – Future Tactical Unmanned Aircraft System

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