



21st Century Defense Industrial Base

**Acquisition Symposium
Monterey, California**

May 16, 2007

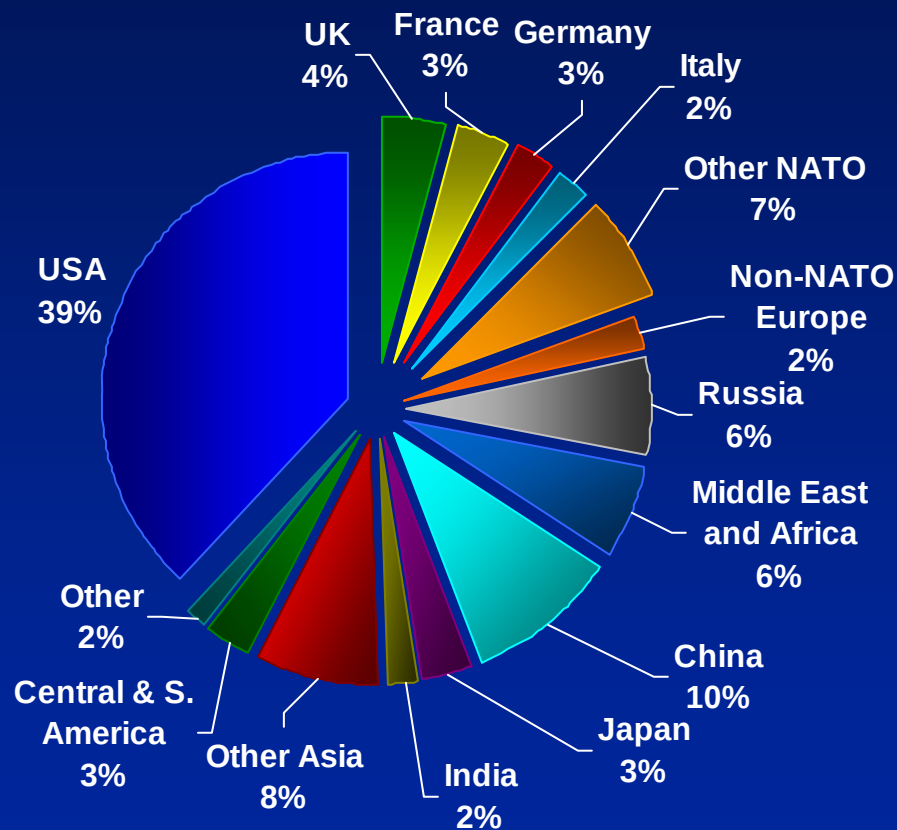
LOCKHEED MARTIN



**Robert H. Trice
Senior Vice President
Business Development**

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 16 MAY 2007		2. REPORT TYPE		3. DATES COVERED 00-00-2007 to 00-00-2007	
4. TITLE AND SUBTITLE 21st Century Defense Industrial Base				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Lockheed Martin Corp,Business Development,Bethesda,MD,20817				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES 4th Annual Acquisition Research Symposium: Creating Synergy for Informed Change, May 16-17, 2007 in Monterey, CA					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 14	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

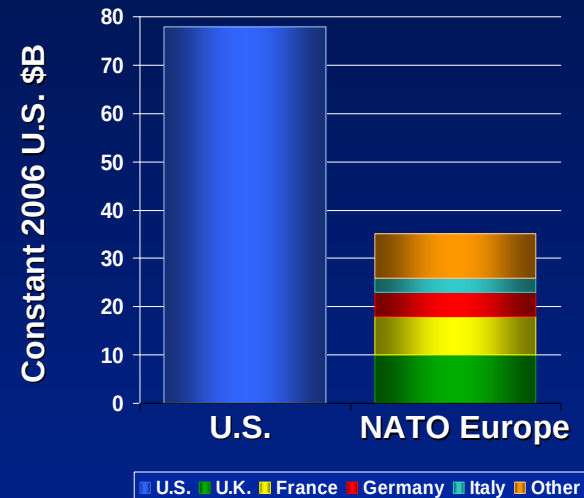
Estimated Global Defense Expenditures 2006



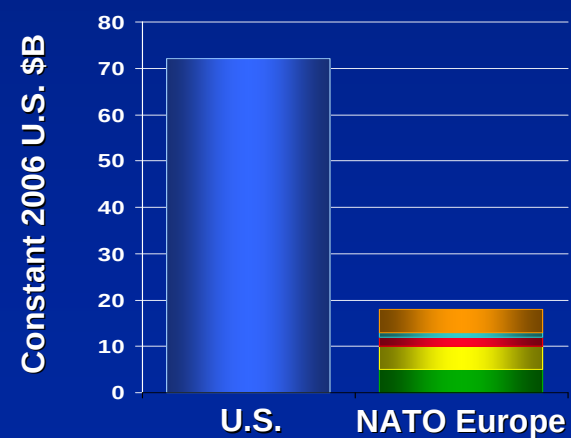
\$1,300 B

Sources: IISS *The Military Balance* and Other Estimates

Procurement



R&D



Force Structure Reductions

	1990	2006	Change
• Army Divisions	18	10	- 45%
• Aircraft Carriers	15	11	- 27%
• Attack Submarines	97	52	- 46%
• Surface Ships	546	285	- 48%
• Naval Aviation Wings	13	10	- 23%
• Air Force Wings	24	12	- 50%
• Marine Corps Divisions	3	3	- -

Source: Center for Strategic and Budgetary Assessments

US Combat Equipment – Average Ages

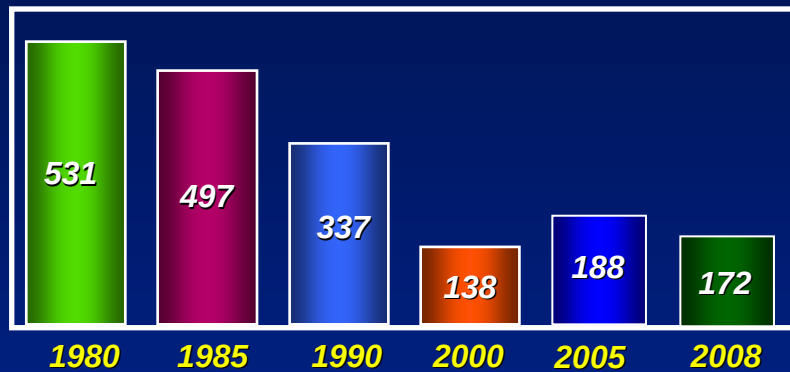
- **B-52 Bombers/C-135 Tankers** 44 years
- **C-130 Transports/H-53 Helicopters** 34 years
- **F-15 and F-16 Fighters** 17 years
- **U-2 Reconnaissance Aircraft** 22 years
- **Naval Amphibious Ships** 20 years
- **Coast Guard Cutters** 35 years
- **M1 Abrams Tanks** 20 years
- **HUMVEE Fleet** 16 years
- **Army Medium Trucks** 21 years

Sources: Air Force Association, AUSA, Navy League

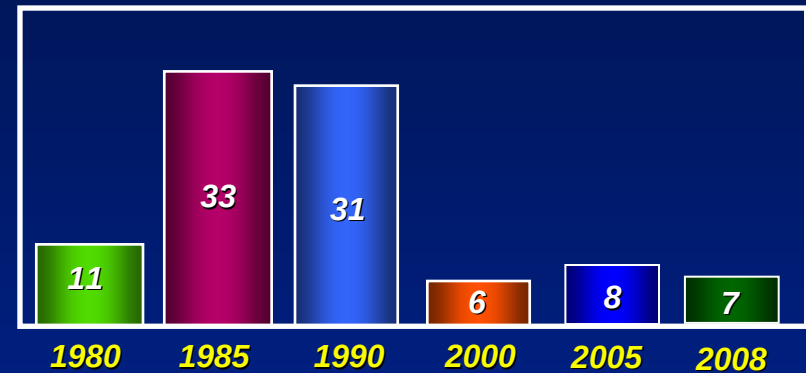
Defense Systems Procured



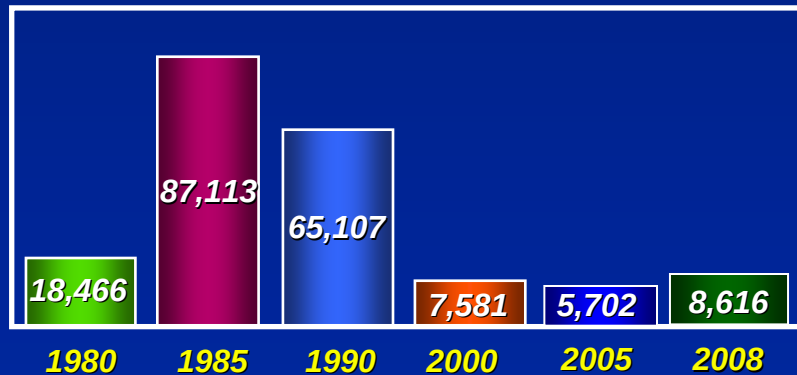
Aircraft Procurement



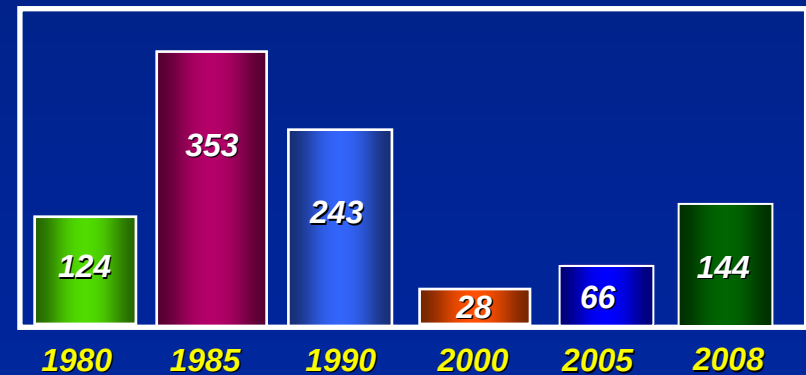
Ship Procurement



Missile Procurement

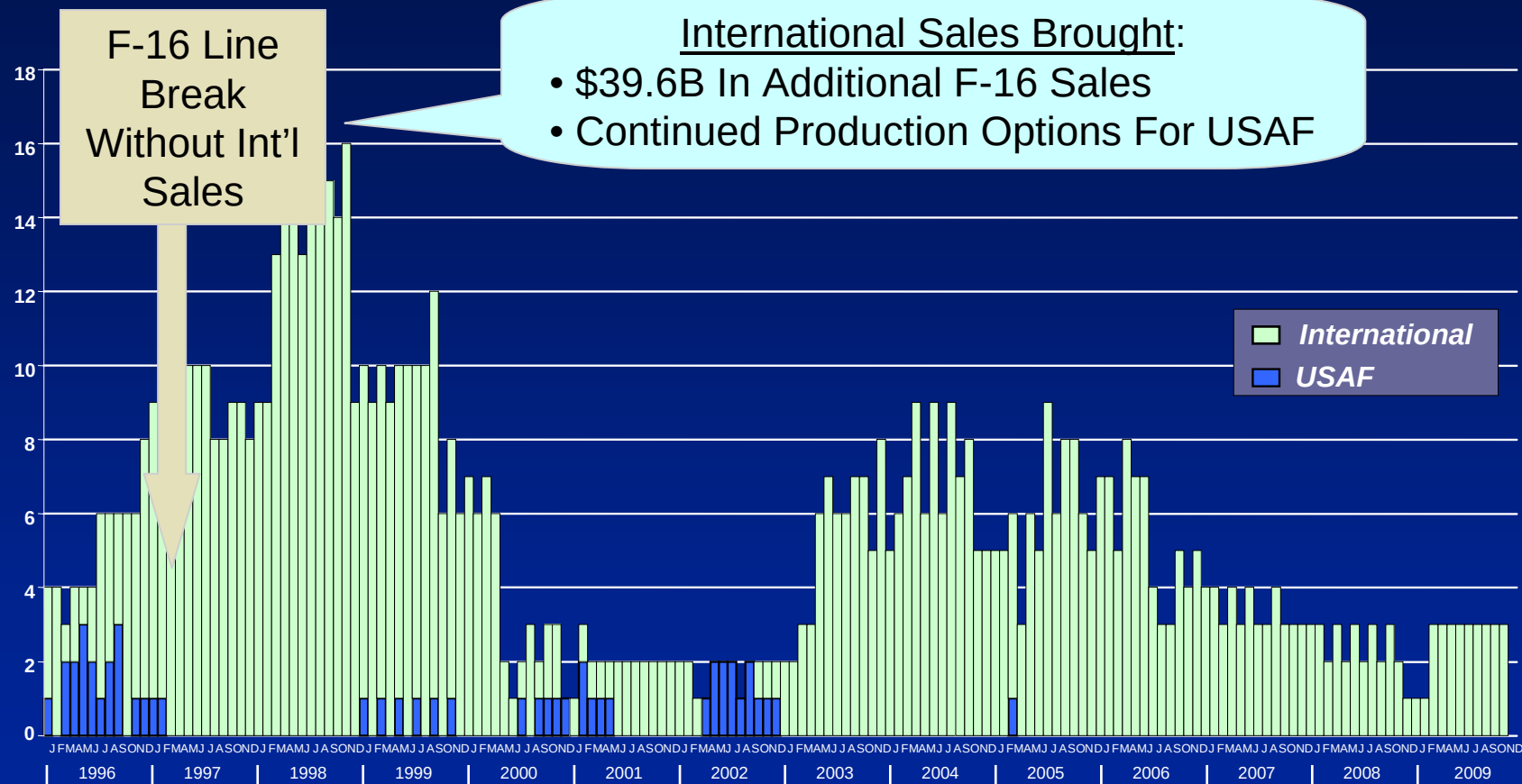


Helicopter Procurement



Source: DoD Procurement Programs P-1

International Sales Can Be Vital

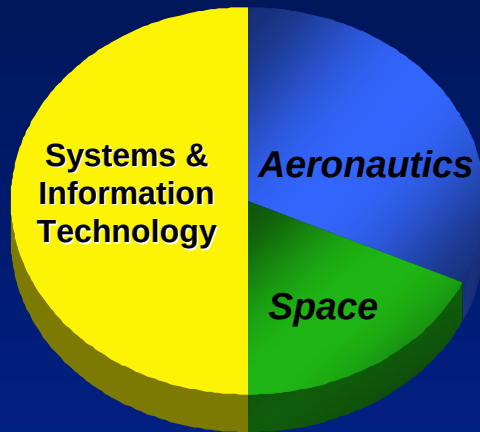


682 deliveries to 12 Countries; 32 to U.S.

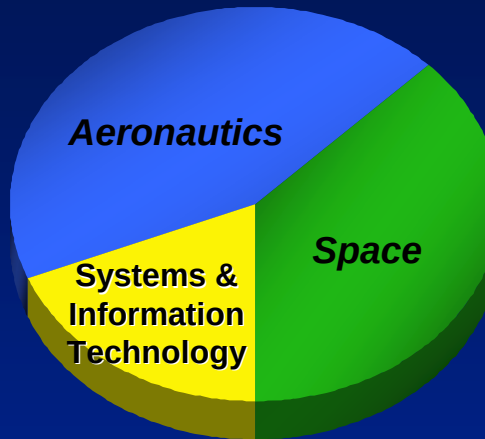
U.S. Defense Industry is Diversifying



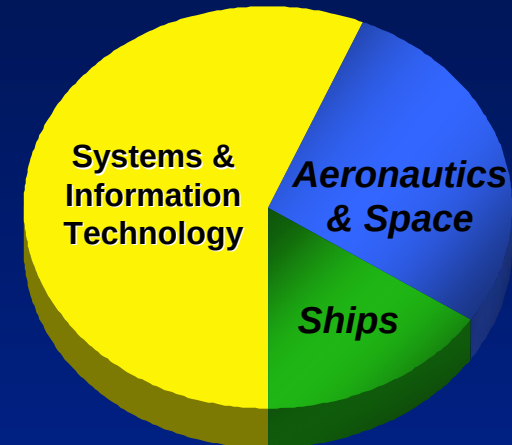
Lockheed Martin



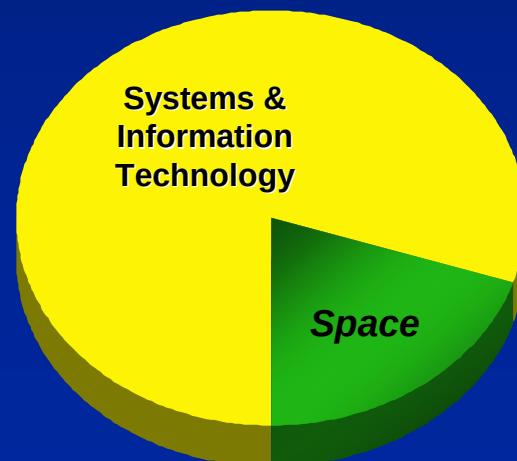
Boeing (Defense)



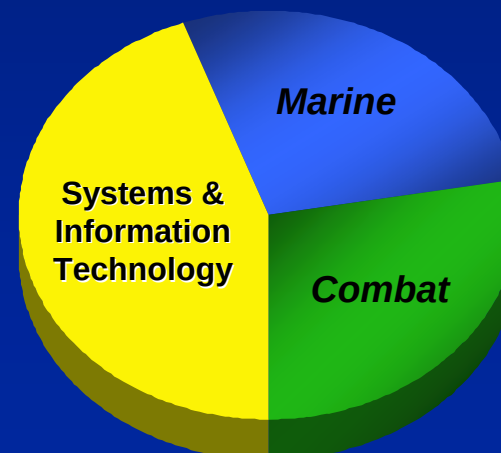
Northrop Grumman



Raytheon



General Dynamics



Note: Commercial Aerospace not included

Sources: Company Reports

Relative Dependence on Home Market

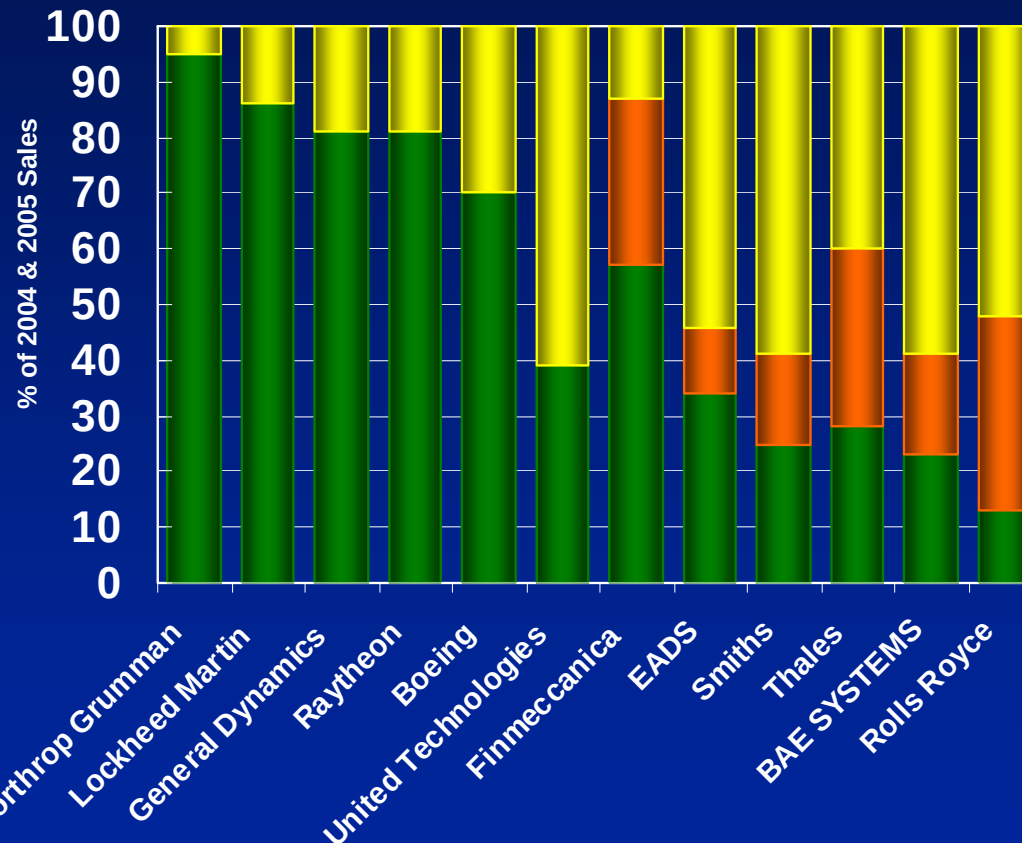


**16,488 (14.9%)
Employees
Outside of Home
Countries**



**22,200 (74%)
Employees
Outside of the
the U.K.**

■ Home Market ■ Other Europe ■ Export



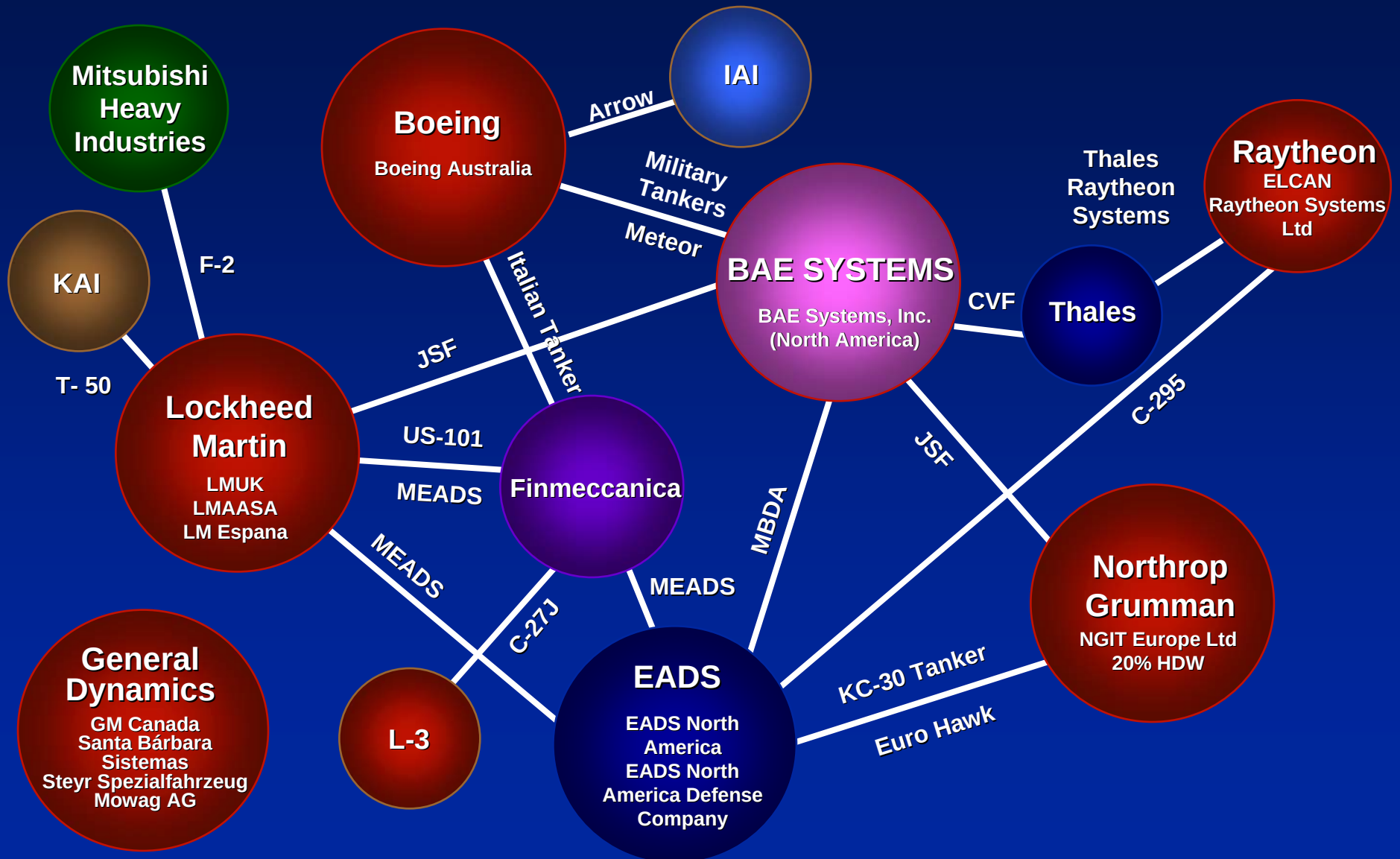
**24,726 (45%)
Employees
Outside of
France**



**Approx. 38,000
(40%) Employees
in North America**

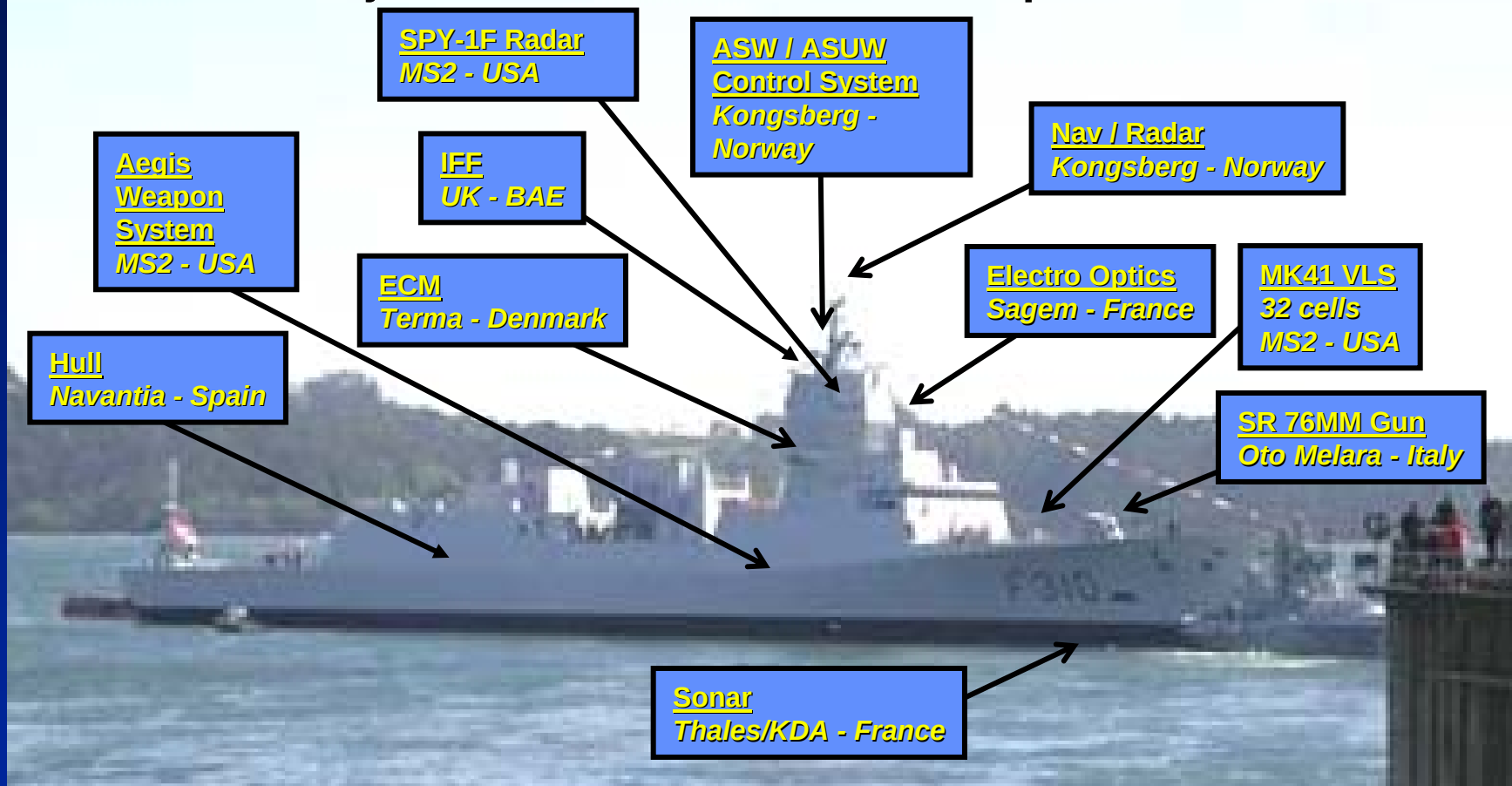
For Europeans, ~ 75% of A&D Sales are Exports

Defense Cross Border Relationships



F310 Norwegian Frigate

Fridtjof Nansen Launch – Ferrol, Spain - 2006



Robust Global Defense Supply Chain Exists
Genuine Collaboration on Defense Opportunities Expanding

New Business Models Are Required



Previous Model

- Domestic Markets
- Defense Products
- Government Funded Development
- Exports and Co-Production

Recent Models

* VH-71 * PFI/PPP * RD 180 *

* GMLRS * F-16 BIK60 *

- Defense & Civil Govt.
- Customer-Funded R&D
- International Launch Customers
- Global Supply Chain

* F-2 * C-130J * T-50 * MFTS/BWC *

Future Models

F-35 (JSF)



Maritime AMD



MEADS



Global Products for Global Markets

What the A&D Industry Needs to Do

- **Generate Innovative, Affordable Solutions**
- **Reduce Costs with Targeted R&D Investments and Streamlined Production Processes**
- **Meet Government Customer Expectations on Cost, Schedule and Performance**
- **Retain Competitive Suppliers**
- **Leverage State-of-the-Art Commercial Technologies and the Global Marketplace**
- **Recruit and Retain a Skilled and Diverse S&T Workforce**

What Government Can Do

- Engage Industry to Promote a Common Understanding of Defense and Civil Gov't Strategies and Acquisition Objectives
- Maintain Stable Program Requirements and Funding
- Adopt Multiyear Procurements for Mature Programs
- Promote a Rational Technology Transfer / Export Control Regime
- Support Efforts to Increase the Pool of Young, Diverse Scientists and Engineers

