Lockheed Martin CEO Defines New Reality, Commits To Affordability

Lockheed Martin Chairman and Chief Executive Officer Bob Stevens today told a group of journalists that the company is committed to supporting its customers by providing affordable solutions to meet their needs in a "new reality" characterized by an escalating set of demands and increasing constraints on resources.

Stevens addressed the group during a breakfast event designed to replace the company's Farnborough Air Show media dinner and to give reporters an update on the Corporation's programs and priorities and an opportunity to interface with the Corporation's senior leadership team and program experts.

Stevens said the company's priority is to align with its customers to meet increasing demands, operate within constrained resources and fulfill our obligation to support national security.

A critical part of meeting the new demands, he said, is avoiding the "boom-and-bust cycle" in U.S. defense spending. Stevens applauded Secretary of Defense Robert Gates' call for regular growth in the defense budget to improve cost-efficiency. "[Secretary Gates] has been relentless and eloquent in demanding a new kind of focus - from the Department of Defense, the Congress, and the defense industry as well, to be extremely rigorous in determining what our requirements really are ... to align our priorities with real world needs... and to ensure we do everything possible to make every dollar count."

"We are disciplined in setting priorities to address several of the Corporation's critical programs and capabilities," he said, "including the F-35 Lightning II, the Littoral Combat Ship (LCS), the Advanced Extremely High Frequency (AEHF) satellite program and company initiatives to include cyber security and renewable energy."

Stevens told the group that the F-35 is a key defense program for the U.S. and partner nations, and emphasized the company's commitment to perform well by reducing development risks, minimizing cost, improving momentum in the flight test program and accelerating production capability.

"There's lots of cause for optimism overall on the F-35 program and we continue to make progress against the set of objectives," he said. "I think this program is going to be one of the greatest things our company has ever participated in...and I'm confident that it will be one of the best investments the United States, our partners, and our allies, have ever made relative to our cooperative security."

Citing the company's commitment to shorten cycle times, Stevens mentioned that LCS I, USS Freedom, was delivered two years ahead of the original plan and has been well received by the Navy customer.

Commenting on the Orion program, Stevens pledged to leverage the significant technology advances Lockheed Martin has achieved since the program's original contract award in 2005. In relation to other space initiatives, Stevens called the recently delivered AEHF, "an essential element in military satellite communications."

He also emphasized Lockheed Martin's penetration into adjacent and emerging markets -- such as cyber security and renewable energy -- noting the increasing array of challenges in these areas that affect the U.S. and the world.

Stevens told reporters he has "tremendous confidence and excitement." He attributed his optimism to a product portfolio that is well aligned with customers' needs, well supported in the U.S. budget submissions, and garnering important interest from customers around the world.

He also credited employees, adding: "But most of all, my optimism derives from the men and women with whom I'm privileged to serve - the 136,000 Lockheed Martin employees, who bring their integrity and commitment to excellence to workplace every day... combined with bold spirit of creativity and adventure, and determination to invent things no one thought possible before."

Headquartered in Bethesda, Md., Lockheed Martin is a global security company that employs about 136,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The corporation reported 2009 sales of $45.2 billion.

To access photos of Mr. Stevens' talk, please visit:
http://www.flickr.com/photos/lockheedmartin/sets/72157624296347708/

For the full text of Mr. Stevens' comments, please visit:

http://www.lockheedmartin.com/news/speeches/061710-stevens.html

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