

Lockheed Martin Reaches Strategic Supply Chain Agreement

PR Newswire
BETHESDA, Md.

BETHESDA, Md., June 7, 2012 /PRNewswire/ -- Lockheed Martin (NYSE: LMT) signed a new strategic enterprise agreement with Arrow Electronics covering procurement of more than 22,000 electronic components used in advanced technology systems such as missiles, satellites, radar systems, tactical fighter aircraft and unmanned surveillance systems. It represents Lockheed Martin's largest agreement with any single supplier for these commodities, and concentrates procurement of parts covered under the agreement with a leading national franchised distributor, down from 240 suppliers in 2011.

The new agreement allows the company to improve product delivery performance, standardize parts selection and increase internal efficiency and productivity. Lockheed Martin will realize cost reductions based on historical pricing for most electronic components covered under the agreement. Additionally, more than one-third of the components will be delivered to Lockheed Martin with substantial lead time reductions.

The agreement includes a one-year term with an additional one-year option. This marks the first of multiple strategic agreements between Lockheed Martin and key suppliers intended to generate material cost savings and operational efficiencies for our programs and customers.

"We are adapting our supply chain strategy to further improve program execution, drive affordability and assure quality performance," said Dan Pleshko, vice president, Global Supply Chain Operations. "Arrow was selected in a competitive process, and we will use a similar approach to form strategic agreements for other categories of direct and indirect material."

"The changes in the aerospace and defense industry are accelerating, and this agreement illustrates our value proposition," said Michael J. Long, chairman, president and chief executive officer of Arrow Electronics. "As a supply channel partner, we are fully committed to delivering optimal value to a breadth of Lockheed Martin's innovative and sophisticated solutions."

Headquartered in Bethesda, Md., Lockheed Martin is a global security and aerospace company that employs about 123,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The Corporation's net sales for 2011 were \$46.5 billion.

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