

# corporate profile

**The Weapons Manufacturer  
That Does it All:**

**A Profile of Arms Giant**

**Lockheed Martin**



**November 2005  
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corporate profile

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# Introduction

***“After all, Lockheed Martin and the Department of Defense share the same end goal - mission success through sustained battlefield dominance”*** – Lockheed Martin Website

*Lockheed Martin was created in 1995 with the merger of Lockheed and Martin Marietta. Both Lockheed and Martin Marietta had a long history of manufacturing airplanes beginning in the early twentieth century. Today, Lockheed Martin is involved in the research, design, development and manufacture, of high technology products. The industry leader is best known, however, for the production of warplanes and large weapons that have caused widespread destruction in conflicts dating back to the First World War.*

*Lockheed Martin does not, however, limit itself to the production of weapons. Beyond the \$17.5 billion Lockheed Martin rakes in annually from the United States Department of Defense, it receives close to \$8 billion a year from US federal agencies as diverse as the Social Services Administration, The Department of Homeland Security, the Department of Energy, the Federal Aviation Administration, the US Postal Service, the Department of Transportation, The Federal Bureau of Investigation and the Census Bureau. The corporation also takes almost \$6 billion a year in revenues from international customers. In 2004, Lockheed Martin was ranked No. 135th on the Fortune Magazine's list of the world's 500 biggest corporations with \$35.5 billion in revenue. This figure places it among the top arms manufacturers in the United States along with Boeing (\$52.55 billion in revenue 2004), Northrop Grumman (29.8 billion in revenue 2004), Raytheon (\$20.2 billion in revenue 2004), and General Dynamics (\$19.5 billion in 2005). These 5 corporations are perennially in the top 6 (British Company BAE is consistently ranked in the top 6) on the Defense News' Top 100 leading international defense companies. Companies are ranked according to the amount of annual revenue from defense contracts. Lockheed Martin has been ranked 1<sup>st</sup> every year between 1999 and 200.*

*The total revenue from defense contracts of the big 5 US arms contractors in 2002 was \$82.7 billion or 41.9% of the total revenue from defense contracts of the top 100 companies. The remaining 95 companies on the list received \$114.6 billion in revenue from defense contracts.<sup>1</sup> These statistics demonstrate how the consolidation of the arms industry after the cold war has resulted in a small group of multibillion dollar corporations based in the United States.*

*The relationship between economic globalization, militarism, and security has become critically important in the post 9/11 context. The ongoing war on terror is providing greater protection for corporations through a war economy. The move towards greater militarization came a decade after the end of the cold war, during which time the arms industry went through major changes. After a reduction in the United States' defense budget at the end of the cold war, the lucrative*

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<sup>1</sup> Defense News Top 100, <http://www.defensenews.com/channel.php?C=top100#2005>

*contracts the defense industry relied on disappeared. Less demand from the Department of Defense led to overcapacity among defense contractors. This caused a consolidation within the defense industry through corporate mega-mergers and the buying up of small defense manufacturers by larger corporations. The rash of mergers and acquisitions led to a decline in the number of weapons manufacturers and, in turn, reduced competition.<sup>2</sup>*

*It is within this context that the industry found itself when the Bush administration began its 'war on terror' and boosted the defense budget after ten years of reductions. The defense industry is now comprised of a few very large and powerful corporations who have the ability to dictate market prices and who possess enough power to play an influential role in the formation of defense policy. The giant military contractors are thriving in the present climate of heightened militarization and are being fostered by preferential treatment (defense contractors are heavily subsidized: see below p. 24) by the US government and international bodies (WTO: see below p. 25).*

*Lockheed Martin's strategic position in 2005 will focus on its core markets of Defense, Homeland Security and Government Information Technology and its main customer the United States Government.<sup>3</sup> The political climate of aggression and increased military spending in the United States is ripe for Lockheed Martin, a perennial government contractor, to land more contracts. To bolster their potential in the government contract arena and to respond to increased demand by the US government for information technology, the corporation is actively eliminating their commercial business interests and focusing more on landing government contracts. To aid with this consolidation, Lockheed Martin is horizontally integrating information technology throughout all of its business areas. This means that Lockheed Martin will be applying its research and development in information technology to their weapons systems designed for the United States Military and foreign governments, technologies for the United States Department of Homeland Security, as well as for products used in the management of Social Security systems.*

*These three prongs, Weapons Systems, Homeland Security and Social Services, will be highlighted in this profile along with Lockheed Martin's extensive links to the government of the United States. The corporation's general operations and an overview of misdeeds and lawsuits will also be highlighted. This profile will show how a corporation can achieve incredible power in the formation of domestic and foreign policy in the United States through a combination of pure economic strength, intense research and development and government influence in areas as disparate as the privatization of social services, the development of weapon systems, and the control of a nation's borders. Lockheed Martin stands out as a glaring example of how the new breed of large and diverse corporations can actually play a leading role in governing.*

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<sup>2</sup> Bagli, C., "Two Giants Join a Merger Parade in Arms Industry", New York Times, July 4, 1997.

<sup>3</sup> Lockheed Martin 2003 Annual Report, p. 3, <http://www.lockheedmartin.com/data/assets/3571.pdf>

# 1. ORGANIZATIONAL PROFILE

**Lockheed Martin employs 130,000 people at 939 facilities in 457 cities and 45 states throughout the United States and locations in 56 countries overseas.**

**Addresses and Contact Information**

Headquarters:  
 Lockheed Martin Corporation  
 6801 Rockledge Drive  
 Bethesda, MD 20817  
 USA

(301) 897-6000

**Media Relations Contacts<sup>4</sup>:**

Tom Jurkowsky, Company spokesperson, (301) 897-6352  
 Aeronautics Business Area – Mary Jo Polidore, mary.jo.polidore@lmco.com, (817)777-6736  
 Space Systems Business Area – Jan Wrather, janet.wrather@lmco.com, (303) 971-5967  
 Electronic Systems Business Area – Pete Harrigan, 301-897-6171  
 Integrated Systems & Solutions Business Area – Judy Gan, judy.gan@lmco.com  
 Information & Technology Services Business Area – Wendy Owen, wendy.a.owen@lmco.com, (856) 486-5126  
 Corporate Inquiries – Jeff Adams, jeffery.adams@lmco.com, (301) 897-6230

**Stock Symbol – LMT**

**Main Law Firms Representing Lockheed Martin and its Subsidiaries:**

Lockheed Martin Energy Systems – Kramer, Rayson, Leake, Rodgers & Morgan, LLP, Knoxville Tenn., (865) 525-5134  
 Lockheed Martin Space Systems – Shea & Gardner, Washington D.C., (202) 828-2000  
 Lockheed Martin – O'Donnell & Shaeffer, Los Angeles, (213) 532-2000

**1.1 Lockheed Martin Executives and their Salaries:** *“I don’ t want to see a single war millionaire created in the United States as a result of this world disaster”, Franklin Delano Roosevelt during World War II.*

Lockheed Martin Executives get rich off of the American tax payer. Company executives receive extremely high annual salaries, and when combined with bonuses and stock options, the level of compensation is huge. Considering approximately 80% of Lockheed’s annual revenue comes from contracts with the American Government, it is not too much of a stretch to say that regular tax paying Americans are helping to pay some of the highest salaried executives in the world. In 2004, no women or minorities occupied positions on the company’s executive. Lockheed Martin does not publish any contact information for its executives anywhere on its website.

Executives	2004 Salary + Bonus	Total Compensation <sup>5</sup>
Vance Coffman (served as CEO until August 5, 2004)	\$3,560,000	\$7,415,337
Robert Stevens, Chair of the Board, President and CEO	\$3,371,442	\$7,220,863

<sup>4</sup> For a complete list of media contacts visit the Lockheed Martin Website:  
<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&prfr=false&ci=13448&sc=400&ti=&mm=&dd=&yy=&cpi=&bs=&es=&fti=&rsbci=13448&rsbi=>

<sup>5</sup> Includes Restricted Stock Awards, Long-Term Incentive Payouts, and all other annual compensation

Christopher Kubasik, Chief Financial Officer, Executive Vice President	n.a.	n.a.
James Comey, Senior Vice President and General Counsel	n.a.	n.a.
Ralph Heath, Executive Vice President, Aeronautics	n.a.	n.a.
Robert Coutts, Executive Vice President, Electronic Systems	\$1,576,169	\$3,457,276
Michael Camardo, Executive Vice President, Information & Technology Services	\$1,375,538	\$3,165,379
Stanton Sloane, Executive Vice President, Integrated Systems & Solutions	n.a.	n.a.
Thomas Marsh, Executive Vice President, Space Systems	n.a.	n.a.
Anthony Van Schaick, Vice President, Treasurer	n.a.	n.a.
Judy F. Marks, President of Transportation and Security Solutions	n.a.	n.a.

## 1.2 Board of Directors

The business and affairs of Lockheed Martin are managed under the direction of the Board of Directors. The Board of Directors can exercise all the powers of the Corporation, except for those reserved to the stockholders. Lockheed's Board of Directors includes a former Deputy Secretary in the Department of Homeland Security, a former Special Assistant to the Secretary of Defense, a former Chairman of the Joint Chiefs of Staff and a former Admiral in the US Navy. These Directors directly link Lockheed Martin to the highest level policy makers in many departments in the United States Government (see Political Profile for more information on Lockheed's connections to the United States Government). Contact Information is provided for some directors.

**E. C. "Pete" Aldridge, Jr.** – Director Since June 2003, Former Special Assistant to the Secretary of Defense until May 2003.

**Nolan D. Archibald** – Director since April 2002, Chairman of the Board and Chief Executive Officer of The Black & Decker Corporation since.

**Marcus C. Bennett** – Director since March 1995, former Lockheed Martin Executive

**James Ellis, Jr.** – Director since 2004, President and Chief Executive Officer of the Institute of Nuclear Power Operations (INPO) based in Atlanta, Georgia. Ellis retired from the U.S. Navy in July 2004 as an Admiral and Commander, United States Strategic Command, Offut Air Force Base, Nebraska. Between 1971 and 2004, Ellis held various positions, from fighter pilot to Admiral and Commander, in the United States Navy.

**Gwendolyn S. King** – Director since March 1995, President of Podium Prose, a Washington, D.C. speaker's bureau and speechwriting service **Contact info:** 202-857-9793  
GwenKing@podiumprose.com

**James Loy** – Director since 2005, Loy is presently a Senior Counselor for the Cohen Group, one of Lockheed Martin's consulting clients. Loy retired as the Deputy Secretary of Homeland Security in 2005. His retirement ended a 45 year career working for the United States Government. Prior to his position with the Department of Homeland Security, Loy served in the Department of Transportation as Deputy Under Secretary for Security and Chief Operating Officer of the Transportation Security Administration and later as Under Secretary for Security. **Contact Info:** jloy@cohengroup.net

**Douglas H. McCorkindale** – Director since April 2001, CEO, President and Chair of the board at Gannett Co., Inc. ("Gannett") since February 1, 2001. Gannett's **Contact Info:** (703) 854-6000 gcishare@gannett.com

**Eugene F. Murphy** – Director since March 1995, former executive at General Electric Company.

**Joseph W. Ralston** – Director since April 2003, Vice Chairman of the Cohen Group, former Commander of U.S. European Command and Supreme Allied Commander Europe for NATO. Former Vice Chairman of the Joint Chiefs of Staff, Washington, D.C. from March 1996 - April 2000. **Contact Info:** Joseph Ralston's email address, jwr@cohengroup.net; The Cohen Group's phone, 202-689-7900, fax, 202-689-7910

**Frank Savage** – Director since March 1995, Chief Executive Officer of Savage Holdings LLC since, director of Enron Corporation from 1999 to 2002. Former U.S. Presidential appointee to the Board of Directors of U.S. Synthetic Fuels Corporation.

**Anne Stevens** – Director since September 2002, Vice President, North America Vehicle Operations of Ford Motor Company.

**Robert J. Stevens** – Director since October 2000, President and Chief Operating Officer of Lockheed Martin. Director of Monsanto Company.

**James R. Ukropina** – Director since March 1995, Chief Executive Officer, Directions, LLC and Of Counsel, O' Melveny & Myers LLP (Partner from 1992 2000). **Contact Info:** jukropina@omm.com, phone, (213) 430-6218, fax, (213) 430-6407

**Douglas C. Yearley** – Director since March 1995, Chairman Emeritus of the Board of Phelps Dodge Corporation ("Phelps Dodge").

### 1.3 Business Areas

Lockheed Martin is broken into five main business segments with financial data from 2004.

**Aeronautics** – \$11.8 billion in sales, 33% of annual revenue – This segment designs and produces military aircraft and related conventional weapons technologies. Its customers include the military services of the United States and different governments throughout the world. Major products and program include the F-16 multi-role fighter, F/A-22 air dominance and strike fighter, F-35 Joint Strike Fighter, Japanese F-2 combat aircraft, Korean T-50 advance trainer, C-130 tactical airlift aircraft, C-5 strategic airlift aircraft, C27J medium transport aircraft and support for the F-117 stealth fighter and special mission and reconnaissance aircraft.

**Electronic Systems** – \$9.7 billion in sales, 27% of annual revenue – This segment is engaged in the design, development, integration and production of high performance systems predominantly for the US Army, Navy, Air Force, Marines and the United States Postal Service. Major product lines include: missiles and fire control systems; long and short range missile defense systems; surface ship and submarine combat systems; anti-submarine and undersea warfare systems; avionics and ground combat vehicle integration; radars; platform integration services; homeland security systems; surveillance and reconnaissance systems; advanced air traffic control management, security and information technology solutions; simulation and training systems; and postal automation systems (Automatic Package Tracking Systems).

**Space Systems** – \$6.3 billion in sales, 17% of annual revenue – Space Systems designs, researches, develops, engineers, integrates and produces satellites, strategic and defensive missile systems and launch services for the United States government. This is the segment involved in spaced based weapons and ballistic weapons systems. They produce satellites for both government and commercial customers. This segment also produces launch services for NASA including the Space Shuttle's external tank. The United Space Alliance, made up of Lockheed Martin and Boeing, is responsible for the day to day maintenance of NASA's shuttle fleet. The organization came under scrutiny after the space shuttle Columbia crashed in 2003.

**Integrated Systems and Solutions** – \$3.8 billion in sales, 10% of annual revenue – This segment designs and develops net-centric products that support command, control, communications, computers, intelligence, reconnaissance and surveillance activities for the Department of Defense, intelligence agencies and other national governments.

**Information & Technology Services** – \$3.8 billion in sales, 10% of annual revenue – Engages in a wide array of information technology services to federal agencies and other customers. Some of the product lines include: information technology management; enterprise solutions, application development, maintenance and consulting for strategic programs for the Department of Defense and civil government agencies; aircraft and engine maintenance and modification services; management, operation, maintenance, training, and logistics support for military, homeland security and civilian systems; launch, mission, and analysis services for military, classified and commercial satellites; engineering, science and information services for NASA; and research, development, engineering and science in support of nuclear weapons stewardship and naval reactor programs.<sup>6</sup> Lockheed Martin Information Technology unit manages the network infrastructure for the Pentagon, develops software applications to aid the Social Security Administration payment process, and provides similar support to dozens of other government agencies.

## 1.4 Operational divisions

- **Missile and Fire Control Inc.**, Orlando, Florida – Builds anti ballistic missile systems (Patriot Missile) including a new Boeing 747 mounted laser gun,
- **Transportation and Security Solutions**, Rockville, Maryland – Develops air traffic control technology for civilian aviation
- **Management and Data Systems**, Philadelphia, Pennsylvania – Produce Tomahawk missile tracking systems, information systems for police and satellite information systems
- **Lockheed Martin Aeronautics Company**, Fort Worth, Texas – Build combat and support aircraft; Space Systems Company, design and produce launch systems for satellite delivery systems, missile defense systems
- **Lockheed Martin Aeronautical Systems**, Marietta, Georgia – Site for production of C-130 transport aircraft and F-22 fighter plane
- **Sandia National Laboratory**, Albuquerque, New Mexico – Lockheed Martin manages this national laboratory that is responsible for designing all of the non-nuclear parts of nuclear weapons.
- **Lockheed Martin Tactical Systems**, Eagan, Minnesota
- **Lockheed Martin Naval Electronic and Surveillance Systems-Surface Systems**, Moorestown, New Jersey – Site for work on Aegis-related systems
- **Lockheed Martin Space Systems-Astronautics Operations**, Littleton, Colorado – Featured in Michael Moore's film *Bowling for Columbine*
- **Lockheed Martin Naval Electronics and Surveillance Systems**, Baltimore, Maryland
- **Lockheed Martin Space Systems-Missiles and Space**, Sunnyvale, California – Site for production of Trident II missile<sup>7</sup>

## 1.5 Three Prongs

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<sup>6</sup> Lockheed Martin 2003 Annual Report, pp. 65-66, <http://www.lockheedmartin.com/data/assets/3571.pdf>

<sup>7</sup> Information from Lockheed Martin Website <http://www.missilesandfirecontrol.com/>  
<http://www.lockheedmartin.com/tss/index2.html> <http://mds.external.lmco.com/index.html>  
[http://www.lmaeronautics.com/products/combat\\_air/f-117/index.html](http://www.lmaeronautics.com/products/combat_air/f-117/index.html) <http://www.ast.lmco.com/SSC/index.shtml>  
<http://www.sandia.gov/>



***“[W]e are leveraging technical expertise across the breadth of Lockheed Martin to address our customers’ requirements for highly integrated, networked solutions”*** Lockheed Martin 2003 Annual Report.

While Lockheed Martin’s weapons systems seem to come from a different world than the products they produced to track mail for the US Postal Service or to perform aspects of Canada’s census, they are increasingly stemming from similar information technology. Lockheed Martin’s new net-centric warfare initiative was developed from information technology and will, according to the corporation, be the “way the military will organize and fight in the information age, linking various systems and sensors together to exponentially increase the military benefit of those systems that otherwise operate independently”.<sup>8</sup> Net Centric is an example of how the corporation is shifting its focus to the information technology needs of the US military. Lockheed Martin believes that “Linking all information assets in the battlespace - the joint command headquarters, a forward based ground force, an Expeditionary Strike Group, an airborne strike package - is the key to transforming information superiority into combat power”.<sup>9</sup>

Superior Information technology seems to be the common thread between Lockheed Martin’s Homeland Security programs, their social security contracts and weapons systems. This link means that portions of the same technology used to guide missiles to targets will be used for fingerprinting technology and the issuing of millions of social security checks. Lockheed Martin is, in effect, a driving force behind developing many aspects of the United States Government’s information technology capacities.

**Weapons Systems** – Whether it is advanced radar systems, satellite technology, targeting systems, ballistic missiles, launch systems, jet fighters, transport planes, shoulder fired anti-tank guns, electromagnetic guns, laser guns, or the technology to enhance battlefield communication, much of what Lockheed Martin develops and produces is used to target, guide, fire or drop large weapons.

#### **Missile Defense**

Lockheed Martin is actively involved in the Bush administration’s renewed focus on ballistic missile defense. Begun during the Reagan years, missile defense has entered a new phase of development with the construction of a ballistic missile defense shield intended to defend the United States from missile attacks by rogue nations. The first phase, to be operational by the end of 2004, calls for 10 ground-based missile interceptors placed in Alaska and California. Space sensors and ground radars would warn of a hostile missile attack, and the interceptors would be launched to collide with the incoming missile in outer space. While Bush’s missile defense plan presently concentrates on sea and ground-based interceptors, he has asked for millions of dollars for space weapons research and testing. In addition to pushing for more space weapons and, the Bush administration has cancelled a portion of the United States’ Department of Defense acquisition process that requires the presentation of documents - called Operational Requirements Documents - that indicate the efficacy of the technology under development before the project actually begins.<sup>10</sup> In other words, the US government can launch head first into a project they are not sure will work. On this topic CEO Vance Coffman noted that: “Sec. Rumsfeld should be complimented for leading the way on this issue, allowing ORDs to be cancelled with regard to certain high-priority defense programs... we regard this approach as a “win-win-win”: the nation gets the most advanced and robust technology more quickly, which obviously enhances national security; the Department of Defense wins because such

<sup>8</sup> Lockheed Martin Website,  
<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=13191&rsbci=0&fti=121&ti=0&sc=400>

<sup>9</sup> Lockheed Martin Website,  
<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=13191&rsbci=0&fti=121&ti=0&sc=400>

<sup>10</sup> Coffman, V., “Responding to Government Challenges in Research and Development”, Speech given before the First Missile Defense Conference, Washington D.C., April 3, 2003,  
<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=13146&rsbci=0&fti=120&ti=0&sc=400>

advances increase efficiency and flexibility; and industry wins because financial exposure is reduced, and we can devote more resources to actual problem solving and less on record-keeping.”<sup>11</sup>

With deep political links to the Bush administration and a powerful lobby machine, Lockheed Martin has been able to influence the formation of favourable policies such as the Ballistic Missile Defense initiative (see political section below for a detailed look at these connections). Lockheed Martin participates in the missile defense program with their Theater High Altitude Area Defense system, they provide the beam- and fire-control systems for the Air Force's Airborne Laser program, and they are the lead contractor for the U.S. Navy Aegis Weapon System, which detects and engages a full range of targets, including ballistic missiles, cruise missiles and aircraft. The corporation has also been given the lead role in the National Team for Command, Control, Battle Management and Communications (C-2-BMC). The C-2-BMC integrates the hardware and software elements that tie together the whole missile defense system.

Lockheed Martin has been the contractor of choice for the US Government to develop and build many of the country's large weapons systems including (this list is not exhaustive): Tomahawk missile tracking systems; Trident II missile (submarine launched); missile defense systems including the Patriot missile, PAC-3 missile, Hellfire missile, Space-Based Infrared System-High (SBIRS-H), Battle Management Command and Control, Terminal High Altitude Area Defense (THAAD), Medium Air Defense System (MEADS), Aegis sea-based missile defense, among others; different launch systems for surface to air and surface to space weapons<sup>12</sup>; multiple jet fighter programs<sup>13</sup>; anti-tank guns; shoulder fired missiles; electromagnetic guns; military communications satellites; Space based laser<sup>14</sup>; and the Titan V space launch system.

## Homeland Security

Over the past two and a half years homeland security has become one of Lockheed Martin's core markets and the corporation is benefiting immensely from Washington's new obsession with protecting its borders. Working closely with the Department of Homeland Security, the Federal Bureau of Investigation (FBI), the Federal Aviation Administration (FAA), the U.S. Coast Guard (USCG), and the Transportation Security Administration (TSA), the corporation has been awarded numerous contracts for the delivery of products ranging from aircraft and defense systems, to surveillance systems, fingerprint identification systems and intelligence gathering technology. Lockheed Martin will be involved in the gathering of information on the identities of millions of people in the United States as well as millions of tourists entering the country.

### TSA and passenger information

In June 2002, American Airlines shared information on more than a million of their passengers with the Transportation Security Administration. The information was then passed on to the TSA's contractors, including Lockheed Martin, who are developing a passenger profiling system. The TSA asked American Airlines to share its information with its contractors to see if the system could work. The information was then sent directly to the contractors by American. In doing so, the TSA most likely violated the US Privacy Act, which requires government agencies or their contractors to publicly disclose the existence of databases on Americans. American Airlines joins Northwest Airlines and JetBlue as the third major US airline to admit sharing detailed customer information with the government. The TSA repeatedly denied that it was collecting passenger data.<sup>15</sup> Lockheed Martin is developing technology that will be able to analyze this type of database in order to profile passengers for the United States Government. It is interesting to note that the TSA is not subject to US federal procurement regulations. The Transportation Security Administration (TSA) Acquisition Management System uses the Federal Aviation Administration (FAA) Acquisition Management System as its basis.

<sup>11</sup> ibid

<sup>12</sup> <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=11492&rsbci=9&fti=124&ti=0&sc=400>

<sup>13</sup> C-130 Hercules, C-141 StarLifter, C-27J Spartan, C-5 Galaxy, F-117 Nighthawk, F-16 Fighting Falcon, F-2, F-35 Joint Strike Fighter, F/A-22 Raptor, P-3 Orion, S-3 Viking, T-50 Golden Eagle, U-2

<sup>14</sup> In development, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=11498&rsbci=9&fti=124&ti=0&sc=400>

<sup>15</sup> Singel, R., "Data Disclosure Contradicts Feds", Wired News, April 12, 2004

With Lockheed Martin conducting a national census in the United Kingdom and playing a role in providing software for Canada's 2006 census, the corporation could potentially gain access to personal information for millions of people living in Canada and the United Kingdom.

Some of Lockheed Martin's work for Homeland Security includes:

- Deepwater – Lockheed Martin and weapons manufacturer Northrop Grumman's formed a 50-50 joint venture – Integrated Coast Guard Systems – and were awarded a contract valued at \$11 billion to modernize the US Coast Guard's Deepwater capabilities over a 20-year period. The program's total potential value could exceed \$17 billion. The project is part of a post-Sept. 11 homeland security initiative to update the arsenal of the United States Coast Guard. Deepwater will include the acquisition of up to 91 ships, 35 fixed-wing aircraft, 34 helicopters, 76 unmanned surveillance aircraft, and an upgrade of 49 existing cutters and 93 helicopters, in addition to systems for communications, surveillance and command and control.<sup>16</sup>
- Transportation Security Administration – Created after September 11<sup>th</sup> 2001, the TSA selected Lockheed Martin to plan and implement heightened airport security measures. Other TSA contracts awarded to Lockheed Martin include contracts to train thousands of baggage and passenger screeners at US airports and a passenger profiling system.<sup>17</sup>
- Federal Bureau of Investigation – Lockheed Martin was recently awarded a contract by the FBI to develop enterprise-wide security architecture for its computers and networks (contract awarded Aug. 2003)<sup>18</sup>.
- Lockheed Martin is developing a system called the Intelligence Information Factory, which allows analysts to access, discover, and exploit many different data sources and develop intelligence products for tactical and strategic operations. Information can be found and transformed into usable information. Lockheed's website claims that the system allows access to open and private data sources.
- Aerotext – AeroText is a Lockheed Martin information extraction system designed to extract information from documents and databases such as person, organization, place names, etc. and relationships.

## Social Security

Lockheed Martin has been awarded contracts to provide information technology services to the US Social Security Administration (the SSA provides retirement, disability, family, survivors and medicare benefits), for over 20 years. The corporation has also been awarded numerous contracts by different State governments to provide private social security services.

Until it sold its subsidiary, Lockheed Martin Information Management Systems (IMS) to ACS State & Local Solutions Inc. in 2001, Lockheed Martin was a major force in the privatization of welfare services in the United States.<sup>19</sup> Lockheed Martin IMS' lines of business included Children and Family Services, Information Resources Management, Municipal Services, Transportation

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<sup>16</sup> Lockheed Martin Press Release, "Lockheed Martin-Northrop Grumman Team Selected For \$11 Billion Coast Guard Deepwater Recapitalization Contract", June 25, 2002,

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12887&rsbci=0&fti=0&ti=0&sc=400>

<sup>17</sup> Lockheed Martin Press Releases,

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12793&rsbci=0&fti=0&ti=0&sc=400>

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12794&rsbci=0&fti=0&ti=0&sc=400>

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=11733&rsbci=0&fti=0&ti=0&sc=400>

<sup>18</sup> Lockheed Martin Press Release, "Lockheed Martin Wins Fbi Technology Infusion Contract", August 27, 2003,

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=13071&rsbci=0&fti=0&ti=0&sc=400>

<sup>19</sup> Lockheed Martin Press Release, "Lockheed Martin Agrees To Sell Ims Corporation For \$825 Million", July 19, 2001,

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12082&rsbci=0&fti=0&ti=0&sc=400>

Systems and Services, and Welfare and Workforce Services.<sup>20</sup> The company had locations in 44 states and employed 4,800 people in the United States. Lockheed Martin IMS is most infamous for its attempt to cash in on the drive to privatize welfare in many US states. Throughout the 1990s, the company was awarded various contracts to process child support checks, to implement child support enforcement systems, parking management systems, run job-placement offices and automated kiosks for the distribution of food stamps and cash assistance in many locations in the US. The corporation was also awarded millions to design and implement welfare to work and welfare reform projects in California, Florida and Maryland.

The company established a track record for ineptitude and mismanagement of welfare projects which led to lawsuits, investigations and popular campaigns against the company. In one such case, the Texas State Employees Union, later joined by a national coalition of labour unions and public interest groups, mounted a successful campaign to pressure the Clinton administration to deny the Texas State government the right to privatize its Welfare services.<sup>21</sup>

In order to bolster its image in California for a welfare to work contract in San Diego, the company actually hired a Public Relations firm to sell the program to participants.<sup>22</sup> In Florida, however, the company's poor performance, mismanagement and cost-overruns on welfare-to-work contracts have led to various investigations, whistle-blower lawsuits and audits.

#### SSA contracts

In November 1998 Lockheed Martin Services, Inc., Information Support Services, won a \$188 million contract to provide information technology support for the Social Security Administration under the SSA's Enterprise Technology Services Contract (ETSC). Lockheed is contracted to support the SSA in application design, database administration and support, software engineering and technology, emerging technology and software engineering management. Lockheed Martin is the driving force behind moving the Social Security Administration toward 'electronic government (e-gov) solutions'. Lockheed Martin has helped develop on-line earnings verification systems, on-line correspondence systems and internet technology support. The corporation also provides network management, telecommunications, help desk and operations support, comprehensive desktop computing support, database administration and maintenance, electronic publishing using Web technologies, and office automation through groupware architecture and electronic forms.<sup>23</sup>

#### Social Service Contract Track Record

In a case in Pinellas County, beginning in 2000, two County administrators raised critical questions about Lockheed Martin IMS' performance running Pinellas county's, WorkNet, welfare-to-work program. Various audits identified administrative problems, including undocumented invoice payments and double and triple billing.<sup>24</sup> Lockheed Martin IMS won the contract in 1999, but pulled out in 2001 amid the criticism. After Lockheed Martin IMS cancelled the contract the County stopped payment on outstanding invoices eventually leading ACS State & Local Solutions Inc. to sue the county claiming it was owed \$2.3 million.<sup>25</sup> The County eventually paid ACS \$1.2 million while paying \$250,000 in legal fees.

While State officials closed their investigation in 2002 after concluding that allegations of fraud could not be sustained, Federal officials are now investigating whether or not the company misused public money.<sup>26</sup> A Pinellas-Pasco State Attorney stated in January 2004 that the State was unable to embark on an investigation into the alleged fraud without a forensic audit performed by the County. One of the whistle-blowers repeatedly called for the audit. He was eventually fired while the other whistle blower committed suicide.

The surviving former county administrator and the estate of the other filed a lawsuit in January 2003 against

<sup>20</sup> Hartung, W., Washburn, J., "Lockheed Martin: From Warfare to Welfare", The Nation, March, 1998

<sup>21</sup> ibid

<sup>22</sup> Martson + Martson website, [http://www.marstonandmarston.com/study\\_lm.html](http://www.marstonandmarston.com/study_lm.html)

<sup>23</sup> Lockheed Martin Press Release, November 19, 1998

<http://www.it.lockheedmartin.com/itsolutions/SSAInfrastructure.cfm>

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=11894&rsbci=0&fti=0&ti=0&sc=400>

<sup>24</sup> Sandler, M., "Welfare Contract at Center of Inquiry", St. Petersburg Times, March 9, 2004

<sup>25</sup> ibid

<sup>26</sup> ibid

ASC State and Local Solutions charging that “a campaign of threats and harassment orchestrated” by Lockheed Martin IMS “led to the suicide of a Pinellas County official and disrupted the career of another Pinellas official.”<sup>27</sup> Both administrators investigated complaints from County residents who said they could not get the training or other help they needed from the Lockheed Martin IMS program and concluded that the company engaged in a pattern of double billing, overpayment and the creation of inaccurate participant lists.<sup>28</sup> The lawsuit claims that it was after raising these allegations against Lockheed Martin IMS, the company started a smear campaign to discredit the claims.<sup>29</sup>

In another case in Clearwater Florida, Lockheed Martin IMS was forced to repay the city \$112,500 paid to the contractor to help young adults in low-income neighborhoods find jobs, or face a lawsuit. In 1999 the company took over a contract from the city to find jobs for up to 60 people in a year-round program and 30 teens in summer jobs. Lockheed Martin IMS was required to file quarterly reports and a year end summary. When the company failed to produce verification that a single person was employed and did not respond to requests for information from the city, they were issued an ultimatum and eventually returned 85 percent of the money.<sup>30</sup>

While Lockheed Martin is no longer involved in welfare to work contracts, their former work in this area serves as a good example of the company's potential for mismanagement and fraud when performing privatized work that is supposed to help the most vulnerable sectors of society. These cases emphasize how a corporation specializing in building weapons should not be awarded government contracts that involve rebuilding lives.

## 1.6 University links

**Drexel University** – LM director Anne Stevens is a trustee of Drexel University.

**Howard University** – Lockheed Martin Director Frank Savage is the Chairman of the Board of Trustees of Howard University.

**Johns Hopkins University** – Lockheed Martin Director Frank Savage is a trustee of Johns Hopkins University.

**Massachusetts Institute of Technology** – In 1998 Lockheed Martin pledged \$1 million to create the Lockheed Martin Software Learning Center at MIT.

**Northwestern University** – Lockheed Martin Director Anne Stevens is an advisory board member of a graduate business program at Northwestern University.

**Pennsylvania State University** – Lockheed Martin funds a variety of research and development initiatives, fellowships, scholarships, design excellence and diversity-related awards at the university. The company has established the Lockheed Martin Fellowship in Software Engineering, the Lockheed Martin Fellowship in Communications & Information Technology, and the Lockheed Martin Award for Academic Excellence, among others. Over the past ten years, Lockheed Martin has provided over \$1 million to support various programs at Penn State in the College of Engineering, the School of Information Sciences and Technology (IST), the Smeal College of Business Administration, the College of Health and Human Development, the Eberly College of Science, and campus colleges throughout the Penn State system. There are currently over 1,300 Penn State alumni employed at the company.<sup>31</sup> In addition, Lockheed Martin Executive Vice President of integrated Systems Solutions Stanton Sloane serves on the advisory board of the University's School of Information Sciences and Technology.

<sup>27</sup> Berkowitz, B., “Whistleblower's suicide blamed on Lockheed Martin”, workingforchange.com, January 27, 2003, <http://www.workingforchange.com/printitem.cfm?itemid+14402>

<sup>28</sup> Brink, G., “Lawsuit Blames Lockheed for scare tactics, suicide”, St. Petersburg Times, January 15, 2003

<sup>29</sup> ibid

<sup>30</sup> Sandler, M., “Same Fight Very Different Results for City, County”, St. Petersburg Times, April 4, 2004

<sup>31</sup> Penn State University Website, <http://www.giveto.psu.edu/CFR/GiftsThatImpact/000800.htm>

**Rutgers University** – Michael F. Camardo, Executive Vice President of Lockheed Martin Corporation, is a board member of the Executive Advisory Council for Rutgers University.

**Tufts University** – Robert B. Coutts, Executive Vice President of Lockheed Martin is a member of the Board of Overseers, College of Engineering, Tufts University.

**University of Colorado** – G. Thomas Marsh, executive vice president of Lockheed Martin Space Systems Company, is a member of the Engineering Advisory Council for the University of Colorado at Boulder.

**University of California, Santa Cruz** – Lockheed Martin Missiles and Space Corporation is an industry partner at the UC Santa Cruz, headquarters of the Center for Adaptive Optics.<sup>32</sup>

**University of Maryland** – Christopher E. Kubasik, Senior Vice President and Chief Financial Officer of Lockheed Martin Corporation is on the Board of Visitors of the University of Maryland's School of Business and serves on the Board of Trustees for the University of Maryland Foundation.

**University of Santa Clara** – In February 2002, Lockheed Martin donated \$50,000 for scholarships in engineering.

**University of Tennessee** – Lockheed Martin established the Academy for Teachers of Science and Mathematics at the University in 1990. The Academy is jointly run by the US department of Energy and the Tennessee Department of Education. The Academy trains high school and primary school teachers each summer.<sup>33</sup>

**US Colleges and Universities Receiving Lockheed Martin Grants:** Arizona State University; Cal State Polytechnic; Cornell University; Florida A&M; Florida Institute of Technology; Georgia Institute of Technology; Harvey Mudd College; Johns Hopkins University; Mercer University; Morgan State; Morehouse College; North Carolina State University; Princeton University; Rensselaer Polytechnic Institute; San Jose State University; University of Alabama, Huntsville; University of California, Berkeley; University of Central Florida; University of Colorado, Boulder; University of Florida; University of Maryland; University of Mississippi; University of New Mexico; University of Southern California; University of Washington; Virginia Tech; Worcester Polytechnic Institute.<sup>34</sup>

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<sup>32</sup> Center for Adaptive Optics Website, <http://cfao.ucolick.org/members/>

<sup>33</sup> Academy for Teachers of Science and Mathematics, <http://www.acad.utk.edu/tchrsacademy/>

<sup>34</sup> Lockheed Martin Website, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=13023&rsbci=13013&fti=0&ti=0&sc=400>

## 2. ECONOMIC PROFILE

### 2.1 Financial Data

Data	2004	2003	%change
Revenue	\$35.52 billion	\$31.82 billion	11%
Net income (profit)	\$1.26 billion	\$1.05 billion	20%
Long term debt	\$5.10 billion	\$6.07 billion	(15)%
Shareholder equity	\$7.02 billion	\$6.75 billion	4%

[Source: Wall Street Journal]

Totals of for the first three Quarters of 2005		
Data	2005	First 3 quarters of 2004
Revenue	\$26.98 billion	\$25.56 billion
Net income (profit)	\$1.25 billion	\$894 million

[Source: Wall Street Journal]

#### Debt to equity ratio

This ratio indicates how much the company is leveraged (in debt) by comparing what is owed to what is owned. A high debt to equity ratio could indicate that the company may be over-leveraged and should look for ways to reduce its debt.

Lockheed Martin's long-term debt: \$5.10 billion  
 Lockheed Martin's shareholder equity: \$7.02  
 Lockheed Martin's long-term debt-to-equity ratio: .72

### Sales by business segment

Segment	2004	2003	%change
Aeronautics	\$11.78 billion	\$10.20 billion	15.4%
Electronic Systems	\$9.72 billion	\$8.99 billion	8.1%
Space Systems	\$6.35 billion	\$6.02 billion	5.4%
Integrated Systems & Solutions	\$3.85 billion	\$3.42 billion	12.5%
Information & Technology Services	\$3.80 billion	\$3.17 billion	19.8%
<b>Total business segments</b>	<b>\$35.51 billion</b>	<b>\$31.80 billion</b>	<b>11.6%</b>
Other	\$13 million	\$16 million	
<b>Total</b>	<b>\$35.52 billion</b>	<b>\$31.82 billion</b>	<b>11%</b>

[Source: Lockheed Martin 2004 Annual Report]

### 2.2 Sales by customer 2003

Customer	2004	2003	% change
U.S. Government	\$28.29 billion	\$24.95 billion	13.3%
Foreign governments <sup>35</sup>	\$5.75 billion	\$5.20 billion	10.5%

<sup>35</sup> Sales to foreign governments through the United States Government are included in this category

Commercial	\$1.47 billion	\$1.66 billion	(11.4)%
<b>Total</b>	<b>\$35.52 billion</b>	<b>\$31.82 billion</b>	<b>11%</b>

[Source: Lockheed Martin 2004 Annual Report]

Lockheed Martin does 80% of its business with the United States Government (26% Air Force, 19% Navy, 10% Army, 16% Civil Government/Homeland Security, 7% other). Sixteen percent of sales are to international customers and 4% to domestic commercial customers.<sup>36</sup> To put the corporation's reliance on US Government contracts into perspective, as of March 2004 Lockheed Martin had been awarded contracts worth \$3,698,500,000 from the Department of Defense. This is 8% of the 455 Department of Defense contracts (excluding contracts under \$5 million) awarded since January 2004.<sup>37</sup>

Lockheed Martin has been awarded numerous billion dollar contracts by the US government. The following is a list of some of the biggest contracts awarded to Lockheed Martin.

**Recent contracts with the Government agencies in the United States<sup>38</sup>:**

**October 2005** – Lockheed Martin was awarded a 6-year, \$500 million contract from the United States Census Board to develop and operate the information processing system for the 2010 US census.

**August 2005** – New York City's Metropolitan Transportation Authority (MTA) awarded Lockheed Martin a nine-year \$212 million contract to build an Integrated Electronic Security System/Command, Communication and Control (IESS) to help with security throughout the city's transportation system. Lockheed is expected to install more than 1,000 surveillance cameras and 3,000 electronic sensors. The MTA oversees the New York City Transit system, Long Island Railroad, Metro North Railroad, and MTA bridges and tunnels.<sup>39</sup>

**August 2005** – Lockheed Martin was awarded a \$137 million contract by the United States Missile Defense Agency to develop a massive unmanned airship which will be used to defend missile attacks.<sup>40</sup>

**July 2005** – The United States Army awarded Lockheed Martin a \$152 million contract to manage their online network. Lockheed will take over the management of the Army Knowledge Online portal (AKO) which has 1.8 million users.<sup>41</sup>

**February 2005** – The Federal Aviation Administration (FAA) chose Lockheed Martin for a 10-year, \$1.9 billion contract to provide general aviation flight services. The flight services are presently performed by FAA employees.

**January 2005** – The Pentagon chose Lockheed Martin to head an international team of companies to build the next fleet of helicopters for the President of the United States. The helicopters will be built by a joint venture between Lockheed Martin and Agusta Westland, a British-Italian company. Lockheed will receive \$1.7 billion to begin the contract which will be worth \$6.1 billion.<sup>42</sup>

**October 2004** – Lockheed Martin was awarded a contract to provide managed network services to the U.S. Postal Service. The company will provide data, voice, video, wireless and managed

<sup>36</sup> LM Fact Sheet <http://www.lockheedmartin.com/data/assets/2994.pdf>

<sup>37</sup> Department of Defense website <http://www.defenselink.mil/contracts/archive.html>

<sup>38</sup> For a complete list of the Department of Defense contracts worth over \$5 million please visit the following website: <http://www.defenselink.mil/contracts/archive.html>

<sup>39</sup> "MTA announces a state of the art integrated electronic security system for NY transportation network, Metropolitan Transportation Authority press release, August 23, 2005, <http://www.mta.info/mta/news/releases05/050823.htm>

<sup>40</sup> Sirak, M., "Lockheed winds DOD contract for massive airship", August 10, 2005

<sup>41</sup> Onley, D., "Lockheed Martin to manage online portal for Army", The Washington Post

<sup>42</sup> Wayne, L., "Lockheed team to build presidential copters", The New York Times, January 29, 2005



security services to the Postal Services 37,000 locations. The contract is potentially worth \$3 billion.<sup>43</sup>

**September 2004** – The United States Navy awarded Lockheed Martin a contract to develop satellites for military communication. The contract could be worth up to \$3.3 billion. The company will build as many as five satellites under the contract.<sup>44</sup>

**August 2004** – Lockheed Martin was awarded a 10-year \$213 million contract to develop systems the U.S. Strategic Command. The systems would be used to accumulate intelligence from satellites, aircraft and groundbased systems, analyze the information, suggest possible responses and rate those responses in terms of strengths, weaknesses and effects.<sup>45</sup>

**August 2004** – The United States Army awarded Lockheed a contract to develop unarmed spy planes that would be able to detect enemy signals and track troop movements. The contract could be worth up to \$6 billion.<sup>46</sup>

**July 2004** – Lockheed's information technology division was awarded a three-year, \$22 million contract to provide desktop computers, fax machines and printers as well as technical support for NASA headquarters in Washington D.C.<sup>47</sup>

**May 2004** – Lockheed's Maritime Systems & Sensors unit was awarded US Navy contract for the final design and construction of two warships. The contract is worth up to \$423.4 million.<sup>48</sup>

**May 2004** – The Pentagon awarded Lockheed Martin a contract worth up to \$48 million to develop software to link computer systems that contain military-patient records, medical-supply orders, blood supply information and patient evacuation and transfer data. The software will allow doctors working on the battlefield or in a military hospital to access information from a central database.<sup>49</sup>

**May 2004** – Lockheed was awarded a contract to develop and build a missile for use by the Army, Navy and Marine Corps. The program could be worth up to \$5.5 billion over 20 years. The 70 inch missiles would be launched from Army helicopters, Navy fighter jets and unmanned spy planes.<sup>50</sup>

**October 2001** – F-35 Joint Strike Fighter (fighter jets, weapons system) – On October 21, 2001, Lockheed Martin was awarded an \$18,981,928,201 cost-plus-award-fee contract for the Joint Strike Fighter Air System Engineering and Manufacturing Development Program. Lockheed Martin is required to develop products that will address the needs of the United States Navy, Air Force and Marines as well as the needs of the United Kingdom. The first deliveries are expected to be made by 2012. The total program is valued at \$200 billion.<sup>51</sup>

### **International Customers:**

Although international customers only account for 18% of annual sales, Lockheed Martin's products are responsible for devastating consequences in many countries around the world. The corporation, which sells and has sold products to dozens of national governments, does not seem to be concerned that many of their products are involved in ongoing conflicts and could be potentially used in catastrophic military exchanges. Lockheed Martin products are used by many

<sup>43</sup> Gerin, R., "Lockheed to run post office networks", The Washington Post, October 11, 2004

<sup>44</sup> Merle, R., "Lockheed Martin wins \$3.3 billion Navy contract to develop satellite network", September 25, 2004

<sup>45</sup> Larson, V., "Lockheed Martin lands StratCom pact", Omaha World-Herald, August 27, 2004

<sup>46</sup> Merle, R., "Lockheed wins contract for new spy plane", The Washington Post, August 3, 2004

<sup>47</sup> Gerin, R., "Lockheed wins NASA contract", July 19, 2004

<sup>48</sup> Brubacker, H., "Lockheed wins warship contract", The Philadelphia Inquirer, May 28, 2004

<sup>49</sup> Reddy, A., "Lockheed to design medical software", The Washington Post, May 24, 2004

<sup>50</sup> "Lockheed wins big US missile contract", The New York Times, May 6, 2004

<sup>51</sup> Lockheed Martin Press Release, Oct. 21, 2001,

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12031&rsbci=0&fti=0&ti=0&sc=400> Department of National Defense Website, [http://www.defenselink.mil/contracts/2001/c10262001\\_ct544-01.html](http://www.defenselink.mil/contracts/2001/c10262001_ct544-01.html)

different militaries in areas where human rights violations are continuously carried out by government forces and in areas with threats of nuclear exchange. Examples include: the Israeli military in the Israel/Palestine conflict; Colombian government in the ongoing civil war; Lockheed Martin products have been purchased by both India and Pakistan, two countries with nuclear capabilities, and a history of aggression towards each other; Turkey, oppression of ethnic Kurds; Indonesia, occupation of East Timor.

#### **A Sample of Lockheed Martin's International Customers:**

Algeria, Argentina, Australia, Austria, Bahrain, Brazil, Belgium, Canada, Chile, China, Colombia, Croatia, Czech Republic, Denmark, Egypt, Ecuador, France, Germany, Greece, India, Indonesia, Iran, Israel, Italy, Japan, Jordan, Korea, Lithuania, Malaysia, Mexico, Netherlands, New Zealand, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Romania, Russia, Saudi Arabia, Singapore, Slovak Republic, Spain, United Arab Emirates, United Kingdom, Taiwan, Thailand, Turkey, Venezuela.

From this list Algeria, Colombia, Iran, Israel, Pakistan, Russia, Saudi Arabia and Turkey are highlighted in the 2003 United States Department of State Country Reports on Human Rights as having deteriorated human rights records. Lockheed Martin actively supplies all of them with weapons and technology products.

#### **Some of the products Lockheed Martin supply's its international customers include:**

##### **Canada**

**March 2004** – The Canadian Space Agency (CSA) will contribute Can\$97,000 towards a Can\$151,232 CSA contract awarded to Lockheed Martin Canada for the development of applications in preparation for the RADARSAT-2 earth observation satellite. Lockheed Martin Canada will evaluate the capabilities technology for target detection and recognition, surveillance.<sup>52</sup> The RADARSAT-2 satellite is the next generation commercial earth-observation satellite developed by the CSA and RADARSAT International<sup>53</sup> with millions of dollars from Canadian taxpayers. While the RADARSAT satellites are used in many different applications it is possible, pending approval by the Canadian Government, that the satellite will become part of the Bush II administration's ballistic missile defense initiative. The fact that Lockheed Martin, a corporation intimately connected to the ballistic missile lobby in the United States and a manufacturer of launch systems and missiles, is involved in the development of the satellite - the Canadian Space Agency's Website actually states that "this [RADARSAT-2] project will particularly benefit Search and Rescue, Territorial Surveillance and Defense applications" - is indicative of the satellite's potential future use.<sup>54</sup> RADARSAT International also touts the satellite's role in future warfare in a brochure that claims that RadarSat-2's "rapid programming ability will be the system of choice for defence and emergency management clients needing fast access to imagery".<sup>55</sup> Canadian Defense contractor MacDonald Dettweiler is the primary contractor for Radiosat-2.

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<sup>52</sup> Canadian Space Agency Press Release, "New RADARSAT-2 Applications Assessing Environmental Impact, Climate Change Issues", March 29, 2004, [http://www.space.gc.ca/asc/eng/media/press\\_room/news\\_releases/2004/040329.asp](http://www.space.gc.ca/asc/eng/media/press_room/news_releases/2004/040329.asp)

<sup>53</sup> RADARSAT International (RSI) was founded in 1989, as a privately held company designated by the Canadian Space Agency to market the data from RADARSAT-1. RSI was originally owned by a consortium that included MacDonald Dettwiler and Associates, COM-DEV Inc., Spar Aerospace (now called EMS Technologies) and Lockheed Martin Astronautics. In 1999, RSI became a wholly-owned subsidiary of MacDonald Dettwiler and Associates - a 100% Canadian-owned public company [www.mda.ca](http://www.mda.ca)

<sup>54</sup> Canadian Space Agency Press Release, "New RADARSAT-2 Applications Assessing Environmental Impact, Climate Change Issues", March 29, 2004, [http://www.space.gc.ca/asc/eng/media/press\\_room/news\\_releases/2004/040329.asp](http://www.space.gc.ca/asc/eng/media/press_room/news_releases/2004/040329.asp)

<sup>55</sup> RadarSat International product brochure

**June 2003** – Lockheed Martin was awarded a \$42 million contract by the Department of National Defence to deliver imaging systems for Canada' s fleet of CP140 Aurora maritime patrol aircraft.<sup>56</sup>

**February 2003** – Lockheed Martin Canada, a wholly owned subsidiary of Lockheed Martin, was awarded a Can\$17million contract by the Department of National Defence to provide a health care information system for the Canadian Forces. The contract has the potential to exceed an estimated value of Can\$56 million if all four phases are delivered over the 10-year period.<sup>57</sup>

**February 2003** – Lockheed Martin Canada was awarded a contract by the Government of Canada to provide technology for the 2006 census. While the company is not responsible for performing the entire census it will be responsible for printing of questionnaires, Internet application, and processing operations.<sup>58</sup>

**February 2002** – Canada is part Lockheed Martin's Joint Strike Fighter Program (JSF). Canadian will join the Lockheed Martin industrial team and will contribute to maintaining the viability of the JSF program.<sup>59</sup>

**1995** – In 1995, Lockheed Martin was hired by DND to upgrade the radar systems on its fleet of Aurora Surveillance aircraft. Originally valued at \$17 million, the Canadian government eventually paid \$23 million. After many delays, the new equipment delivered to DND was obsolete and never installed. Problems with Lockheed Martin's equipment were detected during the testing stage.<sup>60</sup>

**Chile** – In February 2002, the Chilean government ordered 10 new F-16 fighter jets from Lockheed Martin. The contract is valued at over \$300 million.

**China** – Air traffic management technology, advanced Doppler radar production, telecommunication projects, vessel traffic control, and railway traffic control. Lockheed Martin, under contract to the Civil Aviation Administration of China (CAAC), provided air traffic control automation equipment to both Shanghai' s new, Pudong airport as well as the existing Hongqiao international airport.

**Colombia** – Lockheed Martin has approximately 200-subcontractor personnel providing United States Government funded maintenance support for the Colombian National Police and the Colombian Air Force aircraft. In addition, Lockheed Martin is providing four civil aviation airport traffic control radars. The last of these radars will be operational in mid 2004. Other radar sales will probably include long-range 3D and airbase defense radars. Colombia is also a prospective buyer of several types of Lockheed Martin aircraft. A near term acquisition will include a C-130H in late 2003.<sup>61</sup> Colombia received \$17.1 million in military financing (see corporate welfare section) from the United States in 2003.<sup>62</sup>

**Egypt** – Egypt purchased its first Lockheed Martin built F-16 fighters in 1982. They now have a total of 220 of the aircraft. In 2001, the corporation was awarded a \$72.2 million contract

<sup>56</sup> Lockheed Martin Press Release, "Lockheed Martin Awarded \$42 Million Contract To Provide Surveillance Equipment For Cp140 Aurora Fleet", June 12, 2003,

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=11778&rsbci=0&fti=0&ti=0&sc=400>

<sup>57</sup> Lockheed Martin Canada Press Release, "Lockheed Martin Canada To Deliver State-Of-The-Art Health Information System To The Department Of National Defence", February 5, 2003,

<http://www.lockheedmartin.com/canada/news/pr03j1.htm>

<sup>58</sup> Statistics Canada Website, <http://www12.statcan.ca/english/census06/info/outsource/outourcing.cfm>

<sup>59</sup> Lockheed Martin Press Release, "Canada Joins Lockheed Martin's Joint Strike Fighter Program", February 7, 2002,

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12751&rsbci=0&fti=0&ti=0&sc=400>

<sup>60</sup> Leblanc, D., "Obsolete radar unites cost DND \$23-million", Globe and Mail, January 3, 2003

<sup>61</sup> Center for Defense Information, <http://www.cdi.org/friendlyversion/printversion.cfm?documentID=454>

<sup>62</sup> Center for Defense Information <http://www.cdi.org/news/children/1460.pdf>

from the US government for more than 400 Extended-Range Multiple Launch Rocket System (MLRS) rocket pods for Egypt. From 1993 until 2002 Egypt has received \$13 billion in Foreign Military Financing from the United States Government.<sup>63</sup> Payment of the loan to Egypt has been waived by the United States Government.

**Israel** – Between 1999 and 2001, Israel purchased 102 F-16 fighter jets, to be delivered by 2006 and 2009, the deal is worth over \$2 billion for Lockheed Martin. Israel has the world's largest F-16 fleet outside the United States Air Force. The country has received or ordered more than 300 F-16 aircraft.<sup>64</sup> A number of the aircraft's systems are produced in Israel in the form of offsets organized by the United States Government. In February 2004, Lockheed Martin received a contract from the United States Government to supply dozens of helicopter missile launchers to the State of Israel. Since 1993, Israel has received \$19.5 billion in foreign military financing from the United States Government. The US government has waived payment on the entire \$19.5 billion.<sup>65</sup> In 2003 Israel received over \$3 billion in foreign military financing from the United States.<sup>66</sup>

**Pakistan** – C-130 transport airplanes.

**Poland** – Ordered 48 F-16 fighter jets from Lockheed Martin in 2002 worth \$6.023 billion.

**South Korea** – Lockheed Martin provides South Korea with a wide range of products including, rocket launch systems, air management technology (early warning radars), and fighter jet technology. The corporation co-produces F-16 fighter jets with Korean Air and Korean Aerospace Industries.<sup>67</sup>

**Turkey** – In 1984, a joint venture to co-produce F-16 fighter jets was formed between Turkish Aircraft Industries and Lockheed Martin. In 1996, the Turkish Air Force received 50 F-16s. Up to 75 percent of those aircraft are manufactured by Turkish industry. Lockheed Martin also provides the Turkish military with, missile launch systems, missile defense systems, and radar technology. Turkey has also joined the Joint Strike Fighter Program.<sup>68</sup> Turkey received \$1.7 billion in Foreign Military Financing from the United States Government between 1993 and 2002.

**The World Bank** – Lockheed Martin provides help desk, information technology support to more than 10,000 end users for the World Bank.<sup>69</sup>

## 2.3 Lockheed Martin's Future Plans/Markets

If Lockheed Martin's major corporate takeovers and internal reorganization in 2004 are any indication, the company is seeking to expand its markets in government information technology. However, the company will seek new markets within existing ones. In other words, Lockheed Martin sees a change occurring in the Department of National Defense towards higher use of IT solutions. As well with the advent of the Department of Homeland Security and the Transportation

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<sup>63</sup> Defense Security Cooperation Association, Facts Book, [http://www.dsca.osd.mil/programs/Comptroller/2002\\_facts/fy02\\_facts\\_book.pdf](http://www.dsca.osd.mil/programs/Comptroller/2002_facts/fy02_facts_book.pdf)

<sup>64</sup> Lockheed Martin Press Release, "More Than 50 Lockheed Martin F-16s Planned For Israel, More Than \$2 Billion Value", June 19, 2001, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12098&rsbci=0&fti=0&ti=0&sc=400>

<sup>65</sup> Defense Security Cooperation Association, Facts Book, [http://www.dsca.osd.mil/programs/Comptroller/2002\\_facts/fy02\\_facts\\_book.pdf](http://www.dsca.osd.mil/programs/Comptroller/2002_facts/fy02_facts_book.pdf)

<sup>66</sup> Center for Defense Information <http://www.cdi.org/news/children/1460.pdf>

<sup>67</sup> Lockheed Martin Website, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=13090&rsbci=13000&fti=0&ti=0&sc=400>

<sup>68</sup> Lockheed Martin Website, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=13105&rsbci=13001&fti=0&ti=0&sc=400>

<sup>69</sup> Lockheed Martin Website, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=14666&rsbci=0&fti=0&ti=0&sc=400>

Security Administration there will be a growing emphasis on Information Technology solutions. To deal with this new demand Lockheed Martin will rely to a certain extent on horizontal integration within the corporation.<sup>70</sup>

Lockheed Martin reorganized its business areas in 2003 by creating Integrated Systems & Solutions Business to: "better address the changing and increasingly complex needs of our defense customers, especially in the critical area of Information Superiority".<sup>71</sup> The corporation is trying to address the requirements of the Department of Defense for highly integrated, networked solutions and is following a strategy of acquiring small and medium-sized businesses that align with their core competencies.

It does not appear as if Lockheed Martin will be actively seeking out future foreign markets. The company will focus their efforts on existing core markets in Defense, Homeland Security and government information technology. The 2003 annual report states that increased emphasis on homeland security may increase demand for Lockheed Martin's capabilities. This statement is followed by a paragraph outlining the decline in non-US defense budgets and the reduced opportunities for sales potential for US arms exports.<sup>72</sup> These two statements together, and the fact that the corporation is generally profitable, indicate that future focus will likely remain on federal contracts in the United States.

This does not mean that Lockheed Martin will stop selling products to foreign markets. With healthy doses of assistance from the United States Government, the corporation will no doubt continue selling abroad when lucrative deals arise.

#### **Recent acquisitions:**

**October 2005** – In October Lockheed Martin announced the completion of their acquisition of Coherent Technologies, Inc. Coherent Technologies, renamed Lockheed Martin Coherent Technologies, Inc., is a renowned supplier of high-performance laser-based remote sensing systems.<sup>73</sup>

**August 2005** – Lockheed Martin's subsidiary, Lockheed Martin U.K. Holdings Ltd., acquired INSYS Group Limited a U.K. based supplier of military communications systems, weapons systems and advanced analysis services. INSYS is a regular supplier to the U.K.'s Ministry of Defense. Robert Stevens, Lockheed CEO, stated that the "INSYS acquisition expands [Lockheed's] commitment in the U.K. and aligns with [the corporation's] strategy of acquiring companies that supplement our competencies, offer access to new customers and provide appropriate financial returns to our shareholders."<sup>74</sup>

**February 2005** – Lockheed Martin completed the acquisition of U.K. based technology and consulting firm, STASYS Limited. STASYS is a specialist in network communications and defense interoperability and provides expertise in tactical data link integration, requirements management, modeling and simulation, and air traffic management consulting. Lockheed CEO Robert Stevens commented on the acquisition saying: "Completing this acquisition marks another step forward in our long-term strategy of strengthening our core competencies through disciplined investment. It also enhances our presence in the U.K., and reiterates our commitment to our international customers." The new company will be known as Lockheed Martin STASYS Limited and will be a wholly owned subsidiary of Lockheed Martin U.K. Holdings Ltd.<sup>75</sup>

<sup>70</sup> "As the military services express a growing need for net-centric solutions, we will help our customers succeed in their missions through horizontal integration within Lockheed Martin." Lockheed Martin Website, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12982&sc=400>

<sup>71</sup> Lockheed Martin 2003 Annual Report, p.4, <http://www.lockheedmartin.com/data/assets/3571.pdf>

<sup>72</sup> Lockheed Martin 2003 Annual Report, p.19, <http://www.lockheedmartin.com/data/assets/3571.pdf>

<sup>73</sup> "Lockheed Martin announces completion of Coherent Technologies, Inc.", Pr Newswire US, October 5, 2005

<sup>74</sup> "Lockheed Martin U.K. agrees to acquire U.K. systems & IT company INSYS Group Limited", Lockheed Martin press release, August 16, 2005

<sup>75</sup> "Lockheed Martin completes acquisition of STASYS Limited", PR Newswire, February 28, 2005

**December 2004** – Lockheed Martin acquired Massachusetts based supplier of naval electronic systems Sippican Holdings, Inc. Sippican is an expert in surface ship countermeasures, anti-submarine warfare training and submarine communications systems. CEO Robert Stevens said that the acquisition would “enhance our [Lockheed’s] global capabilities in naval warfare, unmanned underwater vehicles and low-cost manufacturing.”<sup>76</sup>

**August 2003** – In August 2003, Lockheed Martin announced that it was acquiring fortune 500 company ACS’ federal government information technology business. With the deal, Lockheed Martin will acquire most of ACS’ government contracts. It is unclear whether or not Lockheed Martin will resume control over the welfare service contracts it gave up when it sold Lockheed Martin IMS to ACS State & Local Solutions in 2001. ACS concurrently acquired Lockheed Martin’s commercial IT business. The move further displays how the corporation is consolidating its focus on its core markets in the federal government. With the closing of the transaction Lockheed Martin changed the name of its Technology Services business area to Information & Technology Services to “better reflect the full scope of its business activities.”<sup>77</sup>

## 2.4 Controversies and lawsuits: Patriots to Profit

*“Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none. Transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct... A prospective contractor that is or recently has been seriously deficient in contract performance shall be presumed to be nonresponsible... Past failure to apply sufficient tenacity and perseverance to perform acceptably is strong evidence of nonresponsibility.”* Taken from the United States Government’s Federal Acquisitions Regulations<sup>78</sup>

Lockheed Martin is no stranger to litigation and controversy. The effect, the corporation’s affection for providing bribes in exchange for contracts during the 1970s helped write anti-bribery legislation in the United States.<sup>79</sup> Since then, Lockheed Martin has established a pattern of misdeeds and has been subjected to fines and been involved in a number of lawsuits related to violations of the anti-bribery Foreign Corrupt Practices Act, overcharging and submitting fraudulent claims to the Government of the United States, selling US state secrets to other governments, and wrongful dismissal of whistleblowers. Some of Lockheed Martin’s recent controversies and lawsuits are outlined in the following list:

**October 2005** – A California rocket manufacturer filed a federal lawsuit accusing Lockheed Martin and Boeing of monopolizing the commercial rocket launch business in the United States. Space Exploration Technologies (SpaceX) based in El Segundo, California, claims that they have suffered “significant injury” from the efforts of the two aerospace giants “to exclude competition” from SpaceX and others. SpaceX alleges that Lockheed and Boeing have engaged in an “illegal and anti-competitive conspiracy to monopolize and prevent competition in the market for the sale to the United States government of a certain class of space-launch vehicles.”<sup>80</sup>

<sup>76</sup> Lockheed Martin Annual Report 2004

<sup>77</sup> Lockheed Martin Press Release, “Lockheed Martin Agrees To Acquire Acs Federal Government Units And Sell Its Commercial It Unit”, August 1, 2003, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12824&rsbci=0&fti=0&ti=0&sc=400>

<sup>78</sup> Federal Acquisition Regulation Website, <http://www.arnet.gov/far/loadmainre.html>

<sup>79</sup> Between 1975 and 1977 Lockheed corporation, the subject of a Senate investigation, was found to have paid \$22 million to have paid \$22 million in bribes to win aircraft orders. The US’ Foreign Corrupt Practices Act passed through Congress in 1977

<sup>80</sup> Bowermaster, D., “Rocket firm sues Boeing, Lockheed”, The Seattle Times, October 21, 2005

The controversy began in May 2005 when Lockheed Martin and Boeing announced that they would create a joint venture to provide launch rockets for the United States Air Force and NASA. The venture, known as the United Launch Alliance, would combine Boeing's Expendable Launch Systems division with Lockheed's Space Systems business unit.<sup>81</sup> The proposed union has yet to be approved by the Federal Trade Commission while the Pentagon has delayed awarding contracts to the business until various legal, antitrust and policy questions are resolved.<sup>82</sup>

**December 2004** – In December 2004, the U.S. Air Force announced that one of Lockheed Martin's military satellite programs had fallen another year behind schedule and that the cost of the \$5.3 billion program would grow by as much as \$1 billion. The program, to replace cold war era satellites, had encountered technical problems and delays from the beginning and is now one year behind schedule.<sup>83</sup>

**November 2004** – A U.S. District Court in Idaho ruled that Lockheed Martin owed the government \$110 million after its contract to clean up radioactive waste from the production of nuclear weapons had fallen years behind schedule and millions of dollars over budget. The original \$179 million contract signed in 1994 was for the clean up of a one acre site in Idaho Falls that contained 55-gallon drums filled with radioactive waste. The judge in the case said in a 100-page ruling that Lockheed "had failed to progress with the work, failed to give adequate assurances that it would perform in the future, and failed to adequately explain its failure to progress, justifying the termination for default."<sup>84</sup>

**August 2003** – In August 2003, Lockheed Martin settled a whistleblower lawsuit filed in 1997 under the Civil False Claims Act. The US Government joined the lawsuit in 2001. The corporation paid \$38 million to settle claims that they failed to provide complete, accurate and current cost and pricing data when they bid on a foreign military sales contract under the Air Forces Low Altitude Navigation and Targeting Infrared for Night program, known as LANTIRN. The United States' complaint alleged that the inaccurate data concealed a scheme to create additional profit which could be used to offset overruns on another Air Force contract.<sup>85</sup>

**January 2003** – In January 2003 a federal judge in Cincinnati approved a \$1.4 million settlement of a 1997 lawsuit filed by a former Lockheed Martin Employee accusing the corporation of defrauding the US Government. The lawsuit alleged that the company inflated cost estimates for work done to update computer simulation programs for an Air Force weapons system trainer.<sup>86</sup>

**September 2002** – In September 2002, Lockheed Martin and BAE Systems Controls Inc. settled a \$6.2 million whistleblower lawsuit over the delivery and installation of over 1,300 defective electronic units used on military jets. A former employee in quality assurance filed the lawsuit in 1997 alleging the units could fail and cause loss of rudder control.<sup>87</sup>

**August 2002** – Lockheed Martin agreed to pay the US Government \$2.1 million in August 2002, to settle charges that its Tactical Systems division submitted fraudulent claims to the Government. Owned by Unisys at the time of the offense, the division allegedly improperly charged for a series of false and fraudulent contracts for the US Navy's Trident Missile Program between 1988 and 1996.<sup>88</sup>

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<sup>81</sup> "Lockheed and Boeing to form rocket launching venture", The New York Times, May 3, 2005

<sup>82</sup> Pasztor, A., "Pentagon opts to postpone new rocket-launch contracts", The Wall Street Journal, October 31, 2005

<sup>83</sup> Merle, R., "Military satellite project hits additional snags", The Washington Post, December 22, 2004

<sup>84</sup> Merle, R., "Lockheed must pay for failed dump cleanup", The Washington Post, November 2, 2004

<sup>85</sup> United States Department of Justice Press Release, "United States Announces Settlement of Lockheed Martin Case Alleging Mischarging on Government Contracts", August 23, 2003, [http://www.usdoj.gov/opa/pr/2003/August/03\\_civ\\_475.htm](http://www.usdoj.gov/opa/pr/2003/August/03_civ_475.htm)

<sup>86</sup> Atlanta Journal Constitution, January 25, 2003

<sup>87</sup> Department of Justice, Press Release, "Lockheed Martin & BAE Systems Controls to Pay US \$6.2 Million to Settle False Claims Act Case", September 18, 2002, [http://www.usdoj.gov/opa/pr/2002/September/02\\_civ\\_533.htm](http://www.usdoj.gov/opa/pr/2002/September/02_civ_533.htm)

<sup>88</sup> The Washington Post, Financial, Pg. E02, August 2, 2002

**February 2002** – In February 2002, Lockheed Martin Missiles and Space settled a lawsuit with federal regulators alleging government contract fraud. The whistleblower lawsuit, filed in 1988, accused the corporation of defrauding the US government of 10s of millions of dollars on defense contracts and concealing the actions from federal auditors. The lawsuit repeatedly ran into legal obstacles, including opposition from the federal government, which argued that national security concerns outweighed investigating the claims against Lockheed Martin.<sup>89</sup> Terms of the settlement have not been disclosed.

**August 2001** – In August 2001, Lockheed Martin's Electro Mechanical Systems subsidiary pled guilty to criminal charges of obstructing a federal audit and over billing the government for 17 years. The corporation agreed to pay \$10.5 million in criminal resolution. The employees who originally filed the lawsuit and were later fired, received \$2 million in the settlement.<sup>90</sup>

**June 2000** – In June 2000, Lockheed Martin agreed to pay \$13 million to the US Government to settle a case involving the 1994 sale of satellite technology to China. The company was charged with 30 violations of arms export laws. At issue in the case was a series of interchanges between the corporation's rocket experts and the Chinese about small rocket motors used to lift a satellite into its final orbit. The US State Department's concern was that the rocket technology could be applied to missile development. Under the settlement, Lockheed Martin will pay \$8 million to the US Government and \$5 million to improve its security measures.<sup>91</sup>

**January 1995** – In January 1995 Lockheed Corporation Pleaded Guilty to conspiring to bribe an Egyptian politician and to falsifying its books. A Lockheed Martin executive was charged and convicted of paying \$1.2 million in bribes to an Egyptian legislator to arrange the purchase of three Lockheed C-130 cargo planes to Egypt. The deal, worth \$79 million, went through in 1989. The corporation's fine of \$24.8 million was the largest of its kind and double the profit the company made off the sale.<sup>92</sup> As a result of this case, Lockheed Martin settled a whistleblower lawsuit with a former company executive in December 2002 for an undisclosed amount. The executive was fired one week after testifying against the corporation. Lockheed Martin was indicted on the bribery charges the day after the executive testified. The executive claims he was fired due to his testimony.<sup>93</sup>

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<sup>89</sup> Minz, H., "Lockheed settles fraud lawsuit filed in ' 88 by whistleblowers", San Jose Mercury News, February 26, 2002

<sup>90</sup> Hundley, K., "High cost for doing what' s right", St. Petersburg Times, January 4, 2004

<sup>91</sup> Sanger, D., "U.S. Fines Lockheed \$13 million in China Satellite Case", The New York Times, June 14, 2000

<sup>92</sup> Rankin, W., "Central figure in Lockheed scandal gets 18 months", Atlanta Journal-Constitution, October 6, 1995

<sup>93</sup> Rankin, B., "Fired executive who sued settles with Lockheed", Atlanta Journal Constitution, December 5, 2002



## 3. Political Profile

***“The nuclear weapons industry doesn’t need to lobby the Bush Administration – to a significant degree, they are the Bush Administration”*** – William Hartung, World Policy Institute

Lockheed Martin is intimately connected to the United States government and in many ways epitomizes corporate involvement and influence on government policy. Given that almost eighty percent of the corporation’s annual revenue comes from government contracts it is no wonder that Lockheed Martin invests millions of dollars each year in lobbying efforts and political contributions to federal candidates. In addition to lobbying efforts, the revolving door between former government employees and politicians and Lockheed Martin’s executive offices is extensive. Former Lockheed Martin executives are also well represented in the Bush administration. Based on the number and value of government contracts Lockheed Martin is awarded each year, it is clear that the actors in the Lockheed Martin/US government revolving door nexus never forget who they are working for.

The following section outlines four of Lockheed Martin’s strategies designed to maintain a continuous flow of revenue from the United States government.

### **3.1 Revolving Door** – *“We never forget the importance of what we’re doing or who we’re doing it for”* Lockheed Martin’s trade marked motto.

The following list profiles some of the actors involved in the constant flow of high-ranking government officials to Lockheed Martin and former executives to Washington. Departments of Energy, Homeland Security, Transportation, State, Defense, Justice, Veterans Affairs, United States Navy, United States Coast Guard and the United States Air Force.

#### **Former Lockheed Martin Executives currently in the U.S. Government:**

- **Everet Beckner – Deputy Administrator for Defense Programs in the Department of Energy’s National Nuclear Security Administration (stepped down in April 2005)** – Prior to his present position, Beckner served as a Vice President of Lockheed Martin, where he was Deputy Chief Executive at Atomic Weapons Establishment at Aldermaston, United Kingdom. He was sworn as Deputy Administrator in February 2002.<sup>94</sup>
- **Lynne Cheney – Wife of Vice President Dick Cheney** – Sat on Lockheed Martin’s Board of Directors until February 2000. She was compensated \$120,000 a year for attending quarterly meetings.<sup>95</sup>
- **Gordon England – Acting Deputy Secretary of Defense and Secretary of the Navy** – England served as executive vice president of the Combat Systems Group, president of General Dynamics Fort Worth Aircraft Company, which later became Lockheed Martin. England was sworn in as Secretary of the Navy in October 2003.<sup>96</sup>
- **Stephen Hadley – National Security Advisor, United States Government** – Before joining the present US administration, Hadley was a partner in the Washington law firm Shea & Gardner which represents Lockheed Martin. Hadley also co-authored the

<sup>94</sup> DOE This Month, “Beckner Takes Oath of Office”, March 2002, [http://www.energy.gov/engine/doe/files/dynamic/146200315182\\_mardoe02.pdf](http://www.energy.gov/engine/doe/files/dynamic/146200315182_mardoe02.pdf)

<sup>95</sup> Hartung, W., Ciarrocca, M., “Axis of Influence: Behind the Bush Administration’s Missile Defense Revival”, World Policy Institute, 2002

<sup>96</sup> United States Navy Website, <http://www.chinfo.navy.mil/navpalib/people/secnav/england-bio-73.html>

National Institute for Public Policy report, the blueprint for the Bush Nuclear Policy Review.<sup>97</sup>

- **Norman Mineta – Secretary of Transportation, United States Government** – From 1975 to 1995 Mineta served as a member of the U.S. House of Representatives. He resigned his seat midterm to join Lockheed Martin as a Vice President. Mineta left his job at Lockheed to serve as Secretary of Commerce in the Clinton Administration. Between 1992 and 1994 he served as chairman of the House Public Works and Transportation Committee and chaired the committee's aviation subcommittee between 1981 and 1988, as well as its Surface Transportation Subcommittee from 1989 to 1991.<sup>98</sup> In 2001 Mineta oversaw the creation of the Transportation Security Administration, as a reaction to September 11<sup>th</sup>. Lockheed Martin has received a number of contracts from the TSA since its inception.<sup>99</sup>
- **Anthony Principi – Former Secretary of Veteran's Affairs, United States Government (left Veterans Affairs in 2004)** – Principi held the position of senior vice president and chief operating officer of Lockheed Martin IMS Integrated Solutions from 1995 until 1996.<sup>100</sup> Until his nomination as Secretary of Veteran's Affairs in 2000, Principi was president of QTC Medical Services, Inc.<sup>101</sup>
- **Otto Reich – Special Envoy for Western Hemisphere Initiatives** – Reich, the former Assistant Secretary for Western Hemisphere Affairs at the U.S. Department of State, used to work as a paid lobbyist for Lockheed Martin.<sup>102</sup>
- **Peter Teets – Acting Secretary and former Undersecretary of the Air Force (resigned in March 2005)** – Teets is the former Chief Operating Officer at Lockheed Martin, a position he held from 1997 through 1999. In his capacity as Undersecretary, Teets oversees the recruiting, training and equipping for the Air Force. He is responsible for a \$68 billion budget (26% of Lockheed Martin's business comes from the United States Air Force). Designated the Department of Defense Executive Agent for Space, Mr. Teets develops, coordinates and integrates plans and programs for space systems and the acquisition of all DOD space major defense acquisition programs. Also the Director of the National Reconnaissance Office, Mr. Teets is responsible for the acquisition and operation of all U.S. space-based reconnaissance and intelligence systems. This includes managing the National Reconnaissance Program where he reports directly to the Secretary of Defense and the Director of Central Intelligence. He began his career with Martin Marietta in 1963 as an engineer and eventually became the president of Martin Marietta Space Group. After the 1995 merger he became President and Chief Operating Officer of Lockheed Martin Information and Services.
- **Michael Wynne – Under Secretary Of Defense for Acquisition, Technology and Logistics (left the Defense Department in 2005)** – Wynne spent three years with Lockheed Martin after General Dynamics sold their Space Systems Division to then Martin Marietta. He eventually became general manager of the Space Launch Systems segment, combining the Titan with the Atlas Launch vehicles. He was sworn in as Under Secretary in July 2001.<sup>103</sup>

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<sup>97</sup> ibid

<sup>98</sup> US Department of Transportation Website, <http://www.dot.gov/affairs/mineta.htm>

<sup>99</sup> Lockheed Martin Press Releases, "Lockheed Martin Team Awarded Passenger Screening Contract By TSA", April, 24, 2002 <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12794&rsbci=0&fti=0&ti=0&sc=400>, Lockheed Martin Awarded TSA's Integration And Training Services Contract, May 8, 2003

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=11733&rsbci=0&fti=0&ti=0&sc=400>

<sup>100</sup> Holmes, S., "The Second Time Around", The New York Times, December 30, 2000.

<sup>101</sup> Department of Veterans Affairs Website, [http://www1.va.gov/opa/bios/index.cfm?template=Art\\_ArtInternet&id=29](http://www1.va.gov/opa/bios/index.cfm?template=Art_ArtInternet&id=29)

<sup>102</sup> Hartung, W., Reingold, J., "About Face: The Role of the Arms Lobby In the Bush Administration's Radical Reversal of Two Decades of U.S. Nuclear Policy", World Policy Institute, 2002,

<http://www.worldpolicy.org/projects/arms/reports/reportaboutface.htm>

<sup>103</sup> United States Department of Defense Press Release, "Michael Wynne Sworn in as Under Secretary Of Defense for Acquisition, Technology and Logistics", [http://www.defenselink.mil/news/Jul2001/b07182001\\_bt321-01.html](http://www.defenselink.mil/news/Jul2001/b07182001_bt321-01.html)

## Former U.S. Government officials now working for Lockheed Martin:

- **E.C. 'Pete' Aldridge, Jr., Lockheed Martin Director since 2003** – Served as Under Secretary of Defense (acquisition, technology and logistics), from May 2001 until May 2003. Aldridge served as secretary of the Air force from June 1986 until December 1988.<sup>104</sup>
- **Monte Belger, Vice President, Transportation Systems Solutions Lockheed Martin Air Traffic Management** – Belger is a former senior executive and Acting Deputy Administrator of the Federal Aviation Administration (FAA). The FAA is part of the United States Department of Transportation and is responsible for the safety of civil aviation. Belger retired from his 30 year career with the FAA in September 2002 and was hired by Lockheed in January 2003.<sup>105</sup> In July 2002 Lockheed Martin was awarded an FAA contract to modernize the US' air traffic control automation system. The contract has a projected value of \$1 billion.<sup>106</sup>
- **John Brophy, Lockheed Martin IMS CEO and President** – Former assistant Director of the District Columbia Transportation Department.<sup>107</sup>
- **James Comey, Senior Vice President and General Counsel** – Comey came to Lockheed Martin in October 2005 from the United States Department of Justice where he had served as Deputy Attorney General (second-highest official in the department) since December 2003. In his position at the Department of Justice Comey oversaw many important government cases, including terrorism and securities fraud prosecutions. Previously, he served as United States Attorney for the Southern District of New York. From 1996 through 2001, he was Managing Assistant U.S. Attorney in charge of the Richmond Division of the U.S. Attorney's office for the Eastern District of Virginia.<sup>108</sup>
- **Steven Cortese, Vice President, Programs and Budget, Lockheed Martin's Washington operations** – The Center for Public Integrity lists Cortese as one of Lockheed Martin's lobbyists. Before landing a job at Lockheed, Cortese worked as the majority staff director for both the United States Senate full Committee on Appropriations and the Committee's Subcommittee on Defense Appropriations.
- **James Ellis, Jr.** – Director since 2004, President and Chief Executive Officer of the Institute of Nuclear Power Operations (INPO) based in Atlanta, Georgia. Ellis retired from the U.S. Navy in July 2004 as an Admiral and Commander, United States Strategic Command, Offut Air Force Base, Nebraska. Between 1971 and 2004, Ellis held various positions, from fighter pilot to Admiral and Commander, in the United States Navy
- **William Inglee – Vice President of Plans and Policy** – One of Lockheed Martin's lobbyists in Washington, Inglee spent 15 years on Capitol Hill, including stints as policy adviser on national security to House Speaker J. Dennis Hastert (R-Ill.) and as an aide to the House Appropriations foreign operations panel. He also worked at the Defense Department during President George Bush' s administration in the position of principal deputy assistant secretary for international security policy, and later deputy assistant secretary of conventional forces and arms control policy.<sup>109</sup>

<sup>104</sup> Lockheed Martin Website, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12931&sc=400>

<sup>105</sup> Lockheed Martin Press Release, "Lockheed Martin Names Former FAA Executive, Monte Belger, To Transportation Systems Position", January 8, 2003,

<http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=11580&rsbci=0&fti=0&ti=0&sc=400>

<sup>106</sup> Lockheed Martin Press Release, "Lockheed Martin Awarded Faa Contract To Modernize En Route Air Traffic Control System", July 28, 2002 <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12897&rsbci=0&fti=0&ti=0&sc=400>

<sup>107</sup> American Federation of State, County and Municipal Employees, "Revolving Door to Riches",

[http://www.afscme.org/publications/public\\_employee/1998/pejf9823.htm](http://www.afscme.org/publications/public_employee/1998/pejf9823.htm)

<sup>108</sup> "Lockheed Martin Names James B. Comey General Counsel; Succeeds Frank H. Menaker, Who Will Retire", Lockheed Martin Press Release, August 4, 2005,

<Http://Www.Lockheedmartin.Com/Wms/Findpage.Do?Dsp=Fec&Ci=17030&Rsbci=0&Fti=0&Ti=0&Sc=400>

<sup>109</sup> Sarasohn, J., "BellSouth gears up for long-distance bid", The Washington Post, April 26, 2001

- **Michael Jackson – Deputy Secretary of Transportation** until late 2003 (replaced by Kirk Van Tine in December 2003<sup>110</sup>) – Before joining the department of transportation, Jackson served as a Vice President at Lockheed Martin and Chief Operating Officer at Lockheed Martin Information and Management Services.<sup>111</sup>
- **Thomas Jurkowsky – Vice President of Media Relations, Lockheed Martin’s Chief Spokesperson** – In 2000 Jurkowsky left a 31 year career in the United States Navy and joined Lockheed Martin as vice president of communications and public affairs for Naval Electronics and Surveillance Systems. He was appointed to his present position in 2002. His final position in the Navy was as the Chief of Information where he was the Navy’ s chief spokesperson and directed its public affairs activities.<sup>112</sup>
- **Gwendolyn S. King – Member of Lockheed Martin’s Board Directors since 1995** – She served as the Commissioner of the United States Government’s Social Security Administration from August 1989 to September 1992.<sup>113</sup> In 1998 Lockheed Martin Service Inc. received a \$188 million Enterprise Technology Services Contract from the SSA, and a \$2.3 million technical support (BPA) contract in 2003. Lockheed’s \$188 million contract is the single largest contract on the SSA list of recent contracting history (from 1996).<sup>114</sup>
- **Richard Kirkland – Vice President International Programs, Lockheed Martin** – Kirkland sits on the United States Government’s Industry Sector Advisory Committee on aerospace equipment for trade policy matters (ISAC 1). ISAC members, made up of executives from large corporations, provide advice and information for the US administration on issues that affect US industry. Lockheed Martin’s involvement in the ISACs gives them incredible power in the process of influencing the position of the US administration towards the electronics and instrumentation sector.<sup>115</sup>
- **James Loy** – Director since 2005, Loy is presently a Senior Counselor at the Cohen Group, one of Lockheed Martin’s consulting clients. Loy retired as the Deputy Secretary of Homeland Security in 2005. His retirement ended a 45 year career working for the United States Government. Prior to his position with the Department of Homeland Security, Loy served in the Department of Transportation as Deputy Under Secretary for Security and Chief Operating Officer of the Transportation Security Administration and later as Under Secretary for Security.
- **Eugene F. Murphy – Member of Lockheed Martin’s Board Directors since 1995** – Member of President Reagan’s National Security Telecommunications Advisory Committee.<sup>116</sup>
- **Craig Quigley – Vice President, Communications and Public Affairs, for Lockheed Martin Naval Electronics & Surveillance Systems** – Quigley most recently served as Deputy Assistant Secretary of Defense (Public Affairs) at the Pentagon, retiring from the US Navy with the rank of Rear Admiral following a 27 year career.<sup>117</sup>
- **Joseph W. Ralston – Member of Lockheed Martin’s Board of Directors since 2003** – Links to US government: Served as Commander of the US European Command and

<sup>110</sup> Department of Transportation Website, Biography page, <http://www.dot.gov/affairs/vantine.htm>

<sup>111</sup> Hartung, W., Reingold, J., “About Face: The Role of the Arms Lobby In the Bush Administration’ s Radical Reversal of Two Decades of U.S. Nuclear Policy”, World Policy Institute, 2002, <http://www.worldpolicy.org/projects/arms/reports/reportaboutface.html>

<sup>112</sup> Lockheed Martin Press Release, “Lockheed Martin Names New Vp Media Relations”, August 14, 2002, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12658&rsbci=0&fti=0&ti=0&sc=400>

<sup>113</sup> Lockheed Martin Board of Director Biographies, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12931&sc=400>

<sup>114</sup> Social Security Administration Website, <http://www.ssa.gov/oag/foia/contract/htmactcv.htm>

<sup>115</sup> International Trade Administration Website, <http://www.ita.doc.gov/td/icp/Finalist1.html>

<sup>116</sup> Lockheed Martin Board of Directors Biographies, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12931&sc=400>

<sup>117</sup> Lockheed Martin Press Release, “Quigley Named Vice President, Communications And Public Affairs, For Lockheed Martin Naval Electronics & Surveillance Systems”, November 25, 2002, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12570&rsbci=0&fti=0&ti=0&sc=400>

Supreme Allied Commander, Europe, May 200 – January 2003; March 1996 – April 2000, Served as Vice Chairman, Joint Chiefs of Staff; Since 1965 served in various operational command, major command, staff and management positions in the US Air Force.<sup>118</sup>

- **Frank Savage – Member of Lockheed Martin’s Board of Directors since 1995 –** Savage is a former appointee to the Board of Directors of the US Synthetic Fuels Corporation. Director of Enron Corporation from 1999 to 2002<sup>119</sup>
- **Stanton Sloane – Executive Vice President, Lockheed Martin Integrated Systems & Solutions –** Sloane is a ten-year veteran of the United States Navy and Navy reserves where he served as an aeronautical maintenance officer.

### 3.2 Government and Industry Associations

Lockheed Martin is a member of the following influential industry associations and think tanks. In some cases Lockheed Martin executives sit on the board of directors or on various other committees within these organizations. The company’s involvement with these organizations, combined with their extensive lobbying efforts, gives them incredible power in the formation of policies favourable to the defense industry and the corporation itself.

**Aerospace Industry Association –** Lockheed Martin’s President & Chief Operating Officer, Robert J. Stevens, is a member of the AIA’s Executive Committee. The AIA represents the business interests of all major American manufacturers of commercial, military and business aircraft, helicopters, aircraft engines, missiles, spacecraft, and related components and equipment. The AIA along with the American League for Exports and Security Assistance were instrumental in creating the Pentagon’s \$15 billion Defense Export Loan Guarantee fund (DELG), used primarily to support new arms sales to East and Central Europe.<sup>120</sup>

**Business Industry Political Action Committee –** Lockheed Martin’s Vice President State and Local Government, Stephen E. Chaudet, serves on BIPAC’s board of directors. On BIPAC’s website it actually says “electing business to Congress” under the Company logo. BIPAC claims to “exist to enhance the political success of American business”. The group calls itself the “pre-eminent source of political intelligence for business”.<sup>121</sup> Since 1998<sup>122</sup> BIPAC has contributed \$609,451 to elect “pro-business” candidates to the Senate and the House of representatives.<sup>123</sup> Ninety five percent of this total went to support Republican candidates. Their website must be seen to be believed. This group exhibits an extreme attitude toward corporate interests in government.

**Center for Security Policy –** Charles Kupperman, a Vice President for Lockheed Martin’s Space and Strategic Missiles Sector, is on the Center’s board of directors. Ostensibly a ‘non-partisan’ organization, the Center for Security Policy has a mission “of promoting international peace through American strength”. Michelle Ciarrocca and William Hartung of the World Policy Institute call the CSP “the de facto nerve center of the missile defense lobby”.<sup>124</sup> Many specific details of George W. Bush’s nuclear policy were developed by the CSP.<sup>125</sup> A large number of the CSP’s

<sup>118</sup> *ibid*

<sup>119</sup> *ibid*

<sup>120</sup> Hartung, W., “Welfare for Weapons Dealers 1998: The Hidden Costs of NATO Expansion”, The World Policy Institute, March 1998, <http://www.worldpolicy.org/projects/arms/reports/natocost.html>

<sup>121</sup> [http://www.bipac.org/about\\_do.asp](http://www.bipac.org/about_do.asp)

<sup>122</sup> Stanton, J., “Hubris and Shady Contractors”, CounterPunch, February 1, 2003, <http://www.counterpunch.org/stanton02032003.html>

<sup>123</sup> Center for Responsive Politics, <http://www.opensecrets.org/pacs/lookup2.asp?strid=C00001727&cycle=2002>

<sup>124</sup> Ciarrocca, M., Hartung, W., “Axis of Influence: Behind the Bush Administration’s Missile Defense Revival”, World Policy Institute, 2002, <http://www.worldpolicy.org/projects/arms/reports/axisofinfluence.html>

<sup>125</sup> Hartung, W., “The Arms Lobby”, The Nation, June 13, 2002, <http://www.thenation.com/doc.mhtml?i=20020624&s=hartung20020613>

advisory board members serve in the Bush administration. Donald Rumsfeld said that “If there was any doubt about the power of your [the center’s] ideas, one has only to look at the number of Center associates who now people this [Bush] administration – and particularly the Department of Defense – to dispel them”.<sup>126</sup>

**National Defense Industrial Association (NDIA)** – The NDIA, the industry’s largest trade association, Arthur E. Johnson is on the Board of Directors, James F. Berry and General Frank Cardile are on the Board of Trustees. The NDIA’s stated mission is to provide a forum between the Defense industry and the United States Government on issues such as the business and technical aspects of the government-industry relationship. One of the NDIA’s primary concerns is the government’s policies and practices in acquiring defense products from defense manufacturers. The organization holds dozens of annual symposiums and seminar series, publishes the National Defense Magazine, and maintains a membership of over a thousand corporations.<sup>127</sup>

**Office of the United States Trade Representative (USTR) Industry Consultations Program** – Richard Kirkland, Vice President of Lockheed Martin’s International Programs, sits on the Industry Sector Advisory Committee on Aerospace Equipment for Trade Policy Matters (ISAC 5). The ISACs are the USTRs front line for advice on trade related policy, including GATS, FTAA, and Fast Track. ISAC members, made up of executives from large corporations, provide advice and information for the US administration on issues that affect US industry. Lockheed Martin’s involvement in the ISACs gives them incredible power in the process of influencing the position of the US administration towards the aerospace and defense sector.<sup>128</sup>

**United Space Alliance (USA)** – USA was established in 1996 as a Limited Liability Company, and is equally owned by The Boeing Company and Lockheed Martin Corporation. USA is the prime contractor for NASA’s Space Shuttle Program and is responsible for the day-to-day operation and management of the Space Shuttle fleet. This for-profit business supports the US government’s investigation into the crash of the Space Shuttle Columbia in 2003.

**US Council for International Business** – The USCIB advocates for US corporations with the goal of influencing “laws, rules and policies that may undermine U.S. competitiveness, wherever they may be”. The USCIB is the U.S. wing of the International Chamber of Commerce, and was the key corporate lobby group in the push for the failed Multinational Agreement of Investment (MAI). They are also heavily involved in the current pro-liberalization lobby regarding negotiations on the Free Trade Area of the Americas and the World Trade Organization. James R. Nelson, President of Lockheed Martin Overseas Corporation, is on the board of Trustees.

**USA-Engage** – Lockheed Martin is a member of USA-Engage, a broad-based organization representing individuals and corporations who view the US’ unilateral economic sanctions imposed on various countries as damaging to the US economy. USA-Engage directly targets US sanctions restricting US companies from investing. The organization does not make distinctions between different government sanctions and how they may negatively impact local populations. They view sanctions strictly as barriers to profit for US corporations. USA-Engage is supported by powerful lobby groups, including The Wexler Group, who have successfully combated new sanctions efforts in the White House and Congress.<sup>129</sup>

### 3.3 Political Donations

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<sup>126</sup> Center for Security Policy 2002 Annual Report, <http://www.centerforsecuritypolicy.org/Center2002AR.pdf>

<sup>127</sup> National Defense Industrial Association, <http://www.ndia.org/>

<sup>128</sup> USTR website, <http://www.ita.doc.gov/td/icp/mission.html>

<sup>129</sup> Bruno, K., Vallette, J., “Halliburton’ s Destructive Engagement” Earth Rights International, September 2000, <http://www.earthrights.org/pubs/halliburton.shtml>

Lockheed Martin would like to get their hands on as much of the \$396 (FY 2003) billion US defense budget as possible, so when it comes to influencing policy makers and those in the United States Government who decide which corporation will get the billion dollar contracts, Lockheed Martin will spare no expense.<sup>130</sup>

## Donations

In the past three US election cycles (2000, 2002, 2004<sup>131</sup>), Lockheed Martin has donated \$7,271,339 (40% to the Democrats, 59% to the Republicans) to Federal candidates. This places them an average of 27<sup>th</sup> on the Centre for Responsive Politics' list of the top one hundred political donors in the United States for these three election cycles. As of Fall of 2005, Lockheed Martin's Political Action Committee (PAC)<sup>132</sup> has contributed \$370,560 (42% dem, 58% rep) to Federal candidates

Lockheed Martin's donations are very strategic, and they predominantly go to candidates who are members of congressional committees overseeing defense budgets. Of the \$915,929 donated to federal candidates during the 2004 election cycle \$526,259, or %57.4 percent, went to members of Congress who sit either on the House Armed Services Committee or on the Committee on Appropriations.<sup>133</sup> Both committees are very important targets for Lockheed Martin in their quest to grab as much of the defense budget as possible. The following is a list of examples showing Lockheed Martin's strategic political donations designed to favour candidates who have power to make favourable defense policy decisions.

- Out of the 62 members of the 109<sup>th</sup> US Congress' House Armed Services Committee (HASC), 53 (both Republican and Democrat) received political contributions from Lockheed Martin's Political Action Committee during either the 2004 or 2006 election cycles.<sup>134</sup>
- Fifty one out of 66 members of the 109<sup>th</sup> Congress' Committee on Appropriations received Contributions from Lockheed Martin during the 2004 election cycle. This Committee provides funding for lucrative government contracts and is one of the most heavily lobbied by all industries.<sup>135</sup>
- During the 2002 election cycle Lockheed Martin's PAC made contributions to 53 out of the 57 members of the 107<sup>th</sup> US Congress' House Armed Services Committee. Contributions ranged from \$500 to \$11,999. Lockheed Martin's PAC donations to the HASC during the 2002 election cycle totaled \$218,500, or 27% of their donations to all Federal candidates during that cycle.<sup>136</sup> The committee oversees the structure and management of the Department of Defense and its \$393 billion budget.<sup>137</sup>
- Looking at the membership of the US House of Representatives' Select Committee on Homeland Security, 27 out of the 49 members received donations from Lockheed Martin's PAC during the 2004 cycle totaling \$59,709.<sup>138</sup>
- Ten out of 22 US Senators on the US Senate Committee on Armed Services received Donations from Lockheed Martin's PAC during either the 2004 or 2006 election cycles.<sup>139</sup>

<sup>130</sup> Council for a Livable World, Fiscal Year Military Budget at a Glance, [http://64.177.207.201/pages/8\\_13.html](http://64.177.207.201/pages/8_13.html)

<sup>131</sup> The numbers combine all PAC, soft money (totals for 2004 do not include soft money), and large (\$200+) individual contributions made by the organization, its employees, officers and their immediate families. Subsidiaries and affiliates are also included in the totals. Not included is money spent independently on issue ads or donations to political party conventions, legal defense funds, presidential inaugurations or post-election recount funds.

<sup>132</sup> PACs are political committees organized for the purpose of raising and spending money to elect and defeat candidates, most PACs represent business, labour or ideological interests

<sup>133</sup> Center for Responsive Politics

<sup>134</sup> Center for Responsive Politics

<sup>135</sup> Center for Responsive Politics,

<http://www.opensecrets.org/cmteprofiles/overview.asp?CmtelD=H03&Cmte=HAPP&CongNo=109&Chamber=H>

<sup>136</sup> Center for Responsive Politics, <http://www.opensecrets.org/pacs/pacgot.asp?strID=C00303024&Cycle=2002>

<sup>137</sup> House Armed Services Committee Website, <http://armedservices.house.gov/about/members.html>

<sup>138</sup> Center for Responsive Politics, <http://www.opensecrets.org/pacs/pacgot.asp?strID=C00303024&Cycle=2004> Select Committee on Homeland Security Website, <http://hsc.house.gov/index.cfm>

The US Senate Committee on Armed Services oversees operations that are strategically important for a corporation such as Lockheed Martin. The committee oversees: aeronautical and space activities peculiar to or primarily associated with the development of weapons systems or military operations; the Department of Defense, the Department of the Army, the Department of the Navy, and the Department of the Air Force; maintenance and operation of the Panama Canal, including administration, sanitation, and government of the Canal Zone; military research and development; national security aspects of nuclear energy; naval petroleum reserves, except those in Alaska; pay, promotion, retirement, and other benefits and privileges of members of the Armed Forces, including overseas education of civilian and military dependents; selective service system; and strategic and critical materials necessary for the common defense.<sup>140</sup>

- All 15 members of the House Defense Appropriations Subcommittee, which has considerable influence over the defense budget, received donations totaling \$127,000 from Lockheed Martin's PAC during the 2004 cycle.<sup>141</sup> Fourteen of the committee's members have already received donations in the 2006 election cycle.<sup>142</sup>

## **NATO Expansion**

Lockheed Martin played a major role in the lobbying effort to expand NATO to include more Central and Eastern European countries. Former Lockheed Martin Vice President, Bruce Jackson, is the President of the U.S. Committee to Expand NATO (later the U.S. Committee on NATO) a powerful lobby group.<sup>143</sup>

## **3.4 Lobbying Expenditures**

Between 1998 and 2004, Lockheed Martin spent \$55,373,840 on lobbying members of the US Congress and federal officials on legislation and regulations. This ranks them 16<sup>th</sup> on the Center for Public Integrity's list of the top 100 lobbying companies and organizations and 2<sup>nd</sup> among defense contractors behind Northrop Grumman. The Center's study, published in April 2005, points out that the public and the media have focused primarily of campaign finance while the amount of money spent to influence federal lawmakers is double the amount of money spent on electing them. In Lockheed Martin's case the difference between campaign contributions and lobby expenditures is far greater. Between 1998 and 2004 Lockheed spent \$8,934,682 on campaign contributions, only %16 of what they spent on lobbying during the same time period.<sup>144</sup>

The Center's study found that between 1998 and 2004, Lockheed Martin hired 108 different lobby firms, to lobby for 51 different issues in 59 different federal agencies. From 2004 until present, Lockheed has hired 212 individual lobbyists.<sup>145</sup>

Most of Lockheed Martin's in-house lobbyists listed in the Center's report are former employees of the United States Government. In some cases, lobbyists have left positions in the government to work as lobbyists at Lockheed only to return a few years later to their original government position. A few of the position held by present Lockheed lobbyists in the US government include (See political connections above for more details):

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<sup>139</sup> Center for Responsive Politics

<sup>140</sup> US Senate Committee on Armed Services Website, <http://armed-services.senate.gov/>

<sup>141</sup> Center for Responsive Politics, <http://www.opensecrets.org/pacs/pacgot.asp?strID=C00303024&Cycle=2002>

<sup>142</sup> Center for Responsive Politics, <http://www.opensecrets.org/pacs/pacgot.asp?strID=C00303024&Cycle=2004>

<sup>143</sup> Hartung, W., "Welfare for Weapons Dealers 1998: The Hidden Costs of NATO Expansion", The World Policy Institute, March 1998, <http://www.worldpolicy.org/projects/arms/reports/natocost.html>

<sup>144</sup> Center for Responsive Politics, <http://www.opensecrets.org/orgs/summary.asp?ID=D000000104&Type=A>

<sup>145</sup> Center for Public Integrity, <http://www.publicintegrity.org/lobby/profile-pf.aspx?act=clients&year=2003&cl=L002072>



- **Majority staff director for both the Senate full Committee on Appropriations and the Committee's Subcommittee on Defense Appropriations** – Steven Cortese, Vice President of Programs and Budget
- **Minority staff director of the House Defense Appropriations Subcommittee** – Gregory Dahlberg, Vice President of Legislative Affairs
- **Under Secretary of the Army** – Gregory Dahlberg,
- **Executive secretary of the National Space Council** – Brian Dailey, Senior Vice President, Lockheed Martin Washington Operations.
- **Staff member at the Senate Armed Services Committee** – Brian Dailey, Eric Thoemmes
- **Adviser to House Speaker J. Dennis Hastert (R-III.) on national security and trade policy** – William Inglee, Vice President, Plans and Policy, Lockheed
- **Air Force legislative liaison and fighter pilot** – Jack Overstreet,
- **Legislative Director for Senator John McCain** – Ann Sauer
- **Legal Advisor for the Federal Communications Commission** – Jennifer Warren, Senior Director, Trade and Regulatory Affairs, Lockheed Martin

### 3.5 Corporate Welfare

Lockheed Martin, one of the most profitable corporations in the world (\$35.5 billion in revenue in 2004), is a notorious recipient of billions of dollars in subsidies from the Government of the United States. The corporation's ease at tendering contracts from Government departments is a good indication of favorable treatment, but when their history of subsidized mergers and contracts is included in the analysis, a bigger picture of Lockheed Martin's favoured status with the US Government is revealed. To make things easier for Lockheed Martin, government involvement in the defense industry in the way of massive government research and export subsidies, are exempt from challenge under WTO rules. Issues of 'national security' receive special protection under the General Agreement on Trade and Tariffs.<sup>146</sup>

**The following is a sample of Lockheed Martin's history of Corporate Welfare:**

**International Arms Deals** – Through the Pentagon's Foreign Military Financing Fund and the Department of the Treasury, US taxpayers end up paying for many of Lockheed Martin's overseas arms deals. In one such case, the Department of the Treasury is covering 100 percent of the cost of a \$3.8 billion, 46 jet contracts between Lockheed Martin and the Government of Poland. The loan is for 15 years while the interest rates are at a below-market 5.92 fixed rate.<sup>147</sup> The Government of the United States is eager to continue its domination of the international arms market and attractive deals like these are a huge incentive for governments who cannot normally afford them. In the end it is the US taxpayer who ends up subsidizing the entire project. The Poland deal is structured around offset agreements that bring production jobs and technology transfers out of the United States to the purchasing country. While primary construction of the jets has saved the existence of Lockheed's plant in Fort Worth Texas (the US Air Force is no longer purchasing F/16s), the offset agreements with Poland are reportedly worth \$6 to \$9 billion.<sup>148</sup> Some of Lockheed Martin's international arms sales funded by US taxpayers through Foreign Military Financing (FMF) and Military aid include:

- **Pakistan** – In August 2003, the Government of Pakistan purchased six Lockheed Martin C-130 Hercules cargo planes. The \$75 million contract was funded by the

<sup>146</sup> Staples, S., "Globalization and Canada's Arms Industry", Peace and Environment News, July-August, 2002, [http://www.polarisinstitute.org/polaris\\_project/corp\\_security\\_state/publications\\_articles/glob\\_arms\\_industry\\_july2002.html](http://www.polarisinstitute.org/polaris_project/corp_security_state/publications_articles/glob_arms_industry_july2002.html)

<sup>147</sup> Wayne, L., "Polish Pride, American Profits", the New York Times, January 12, 2003

<sup>148</sup> Sennot, C., "Arms Deals Criticized as Corporate US Welfare", the Boston Globe, January 14, 2003

United States Government under the Pentagon's Foreign Military Finance program.<sup>149</sup>

- Israel – Israel is the leading recipient of US military aid and FMF. Lockheed Martin has profited from over \$19 billion in FMF to Israel over the last decade through the sale of hundreds of F/16 fighter jets and other weapons. In 2001 Lockheed Martin was awarded a \$1.3 billion contract to build an additional 52 F/16s for the Israeli government. As with the Polish fighter jet deal, much of the production process for the F/16 is transferred to Israel.
- Human Rights Watch reported in 2001 that Lockheed Martin's P-3 "Orion" radar surveillance airplane, used to track drug smuggling, was included in a \$512.2 military aid package for the Colombian military, part of the government's 'Plan Colombia'.<sup>150</sup> Between 1993 and 2002 Colombia received \$234 million in military aid from the United States.<sup>151</sup>

**Merger subsidies** – When Lockheed and Martin Marietta merged in 1995, taxpayers in the United States paid for the almost \$1 billion Lockheed Martin received from the Federal Government to cover the costs of related plant closures and employee relocations. Another \$31 million in Federal money went to Lockheed and Martin Marietta executives, including \$8 million to then CEO Norman Augustine.<sup>152</sup> In 1993, at the request of Norman Augustine and other defense executives, the Pentagon issued a 'rule clarification' that required the Federal Government to encourage the corporate mergers of defense contractors. Corporations claim that the government will save money in the long run even though there is no proof that projected savings could materialize.<sup>153</sup> Nineteen thousand Lockheed and Martin Marietta employees lost their jobs as a result of the merger.<sup>154</sup>

**Export-Import Bank** – Ex-Im Bank is an independent federal government agency that helps finance the sale of U.S. exports primarily to markets in the South. Ex-Im Bank provides working capital guarantees (pre-export financing); export credit insurance (post-export financing); and loan guarantees and direct loans (buyer financing). They assume credit and country risks that the private sector is unable or unwilling to accept. The bank essentially finances foreign sales for big corporations like Lockheed Martin. In 2003 the bank authorized financing to support \$14.3 billion of U.S. exports worldwide and has supported more than \$400 billion of U.S. exports over its 70 years of existence.

- In June 2005 the bank guaranteed a \$47.6 million long-term loan to support the purchase of a Lockheed Martin air traffic control navigation system by the Government of Albania.<sup>155</sup>
- In 2000 the bank approved a \$51 million long-term guarantee to help Lockheed Martin sell weather forecasting equipment and services to Romania's National Institute of Meteorology, Hydrology and Water Management.<sup>156</sup>
- In 1999 the bank guaranteed \$100 million to support coastal navigational aid exports to Croatia by Lockheed-Martin.<sup>157</sup>

<sup>149</sup> US Diplomatic Mission to Pakistan Press Release, "US to Sell C-130 Aircraft to Pakistan", August 19, 2003, <http://usembassy.state.gov/islamabad/www03081904.html>

<sup>150</sup> Human Rights Watch, World Report, "Role of the International Community", <http://www.hrw.org/wr2k1/americas/colombia3.html>

<sup>151</sup> Defense Security Cooperation Agency, [http://www.dsca.osd.mil/programs/Comptroller/2002\\_facts/fy02\\_facts\\_book.pdf](http://www.dsca.osd.mil/programs/Comptroller/2002_facts/fy02_facts_book.pdf)

<sup>152</sup> Shields, J., "Ending (Corporate) Welfare As we Know It", Business and Society Review, Summer 1995

<sup>153</sup> Harkin, T., Smith, C., "Greenbacks and Pink Slips", The Washington Post, March 20, 1997

<sup>154</sup> Project on Government Oversight Press Release, "'Payoffs for Layoffs:' Much More Than a Sound Bite, March 11, 1997, <http://www.pogo.org/p/contracts/ca-970311-reform.html>

<sup>155</sup> "EX-IM Bank finances air traffic control system for Albania", Export-Import Bank press release, June 13, 2005, <http://www.exim.gov/pressrelease.cfm/773C4336-9273-2003-5D7AB055F598CFAD/>

<sup>156</sup> Export Import Bank Press Release, "Ex-Im Bank Finances \$51 Million Weather Station In Romania", August 4, 2000, <http://www.exim.gov/pressrelease.cfm/B0D7599B-1032-5B0F-BFCDAF5609DB42C8/>

**United States Trade and Development Agency** – Provides grants to U.S. companies for feasibility studies and planning services for foreign economic development projects. Grants go largely to governments and to private investors in developing countries who then use the money to engage in commerce with US businesses. Some of the contracts Lockheed Martin has received due to USTDA grants include:

- In 2003 the USTDA provided funding for a feasibility study to the Egyptian Ministry of Maritime Transport for the construction of a Vessel Traffic Services system. The contract was then awarded to Lockheed Martin Corporation.<sup>158</sup>
- In 2000 the USTDA awarded a grant of \$300,000 to the Turkish Ministry of Maritime Affairs for a Vessel Traffic and Management Information System. Lockheed Martin and the U.S. Coast Guard implemented the project, in cooperation with the Ministry.<sup>159</sup>
- In 1998 the USTDA awarded a \$361,500 grant to Vula Communications to fund a feasibility study on the development of digital satellite communications services in South Africa. Lockheed Martin was one of the corporations awarded a contract.<sup>160</sup>

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<sup>157</sup>Export Import Bank Press Release, "Building Partnerships, Trade with South East Europe", October 29, 1999, <http://www.exim.gov/pressrelease.cfm/B0DFD173-1032-5B0F-B4197988A69949EE/>

<sup>158</sup> USTDA Press Release, "Ustda Director Askey And Secretary Of State Powell Promote Transportation Security At Apec Summit", October 20, 2003, [http://www.tda.gov/trade/press/Oct20\\_03.html](http://www.tda.gov/trade/press/Oct20_03.html)

<sup>159</sup> USTDA Press Release, "TDA Grant for Maritime Traffic Information System Awarded in Istanbul", May 17, 2000, [http://www.tda.gov/trade/press/may17\\_00.html](http://www.tda.gov/trade/press/may17_00.html)

<sup>160</sup> USTDA Press Release, "TDA Grant Provides Telephone Services To Townships", December 3, 1998, [http://www.tda.gov/trade/press/dec3\\_98.html](http://www.tda.gov/trade/press/dec3_98.html)

# 4. SOCIAL PROFILE

## 4.1 Environment

Weapons produced by Lockheed Martin have littered the world with toxic and nuclear waste, discarded fuel, chemicals and unexploded bombs. In Laos<sup>161</sup> alone, where Lockheed Martin products were extensively deployed during the Vietnam war, it is estimated that between 9 and 27 million submunitions remain and some 11,000 people, 30 percent children, have been killed since the conflict in South East Asia ended 30 years ago.<sup>162</sup> More recently, the corporation has been producing weapons containing depleted uranium and systems that help guide cluster bombs, not to mention aircraft and missiles designed to deliver apocalyptic nuclear warheads.

Lockheed Martin's production facilities, past and present, have also inflicted damage on the land and people who lived and worked near these plants. Much of the pollution from the production process occurred during the cold war era when weapons manufacturing reached a peak rate and environmental laws in the United States were less stringent. Even though the cold war ended over a decade ago, Lockheed Martin earmarked \$420 million in 2004 towards cleaning up the mess it made during the past 50 years. The majority of the total went towards remediation of soil and groundwater contamination at former production sites in Redlands, Burbank and Glendale, California and Great Neck, New York.<sup>163</sup> The likelihood of future environmental damage could rise with the growth of defense spending and development of a new anti-ballistic missile program.

### Lockheed Martin's environmental track record:

- **Depleted Uranium** – 'Depleted' Uranium is produced after enriched uranium is separated from natural uranium in order to produce fuel for nuclear reactors. It is essentially a waste product of the nuclear industry. Depleted uranium is chemically toxic. It is an extremely dense, hard metal, can cause chemical and radioactive poisoning to the body in the same way as lead or any other heavy metal and has a half life of 4.5 billion years.<sup>164</sup> The United States Department of Defense became interested in DU in the 1950s because of its extreme density, low price and because it was available in large quantities. Depleted Uranium is favoured in the manufacturing of armour piercing ammunition because of its incredible density.

Lockheed Martin was awarded an estimated \$226 million contract to upgrade the United States Air Force fleet of A-10 (Warthog) aircraft.<sup>165</sup> The A-10, primarily used to blow up tanks, fired 260 tons of depleted uranium (DU) projectiles during the first Gulf war and 10.2 tons of DU projectiles in Kosovo in 1999.<sup>166</sup> The Maehyang-ri bombing range used by the United States Air Force and formerly run by Lockheed Martin is a training ground for the DU firing A-10. Residents in surrounding areas now face contaminated food sources.<sup>167</sup> Lockheed Martin has recently developed an electromagnetic-gun, designed to destroy tanks, that reportedly uses Depleted Uranium.<sup>168</sup>

<sup>161</sup> Lockheed Martin products are not responsible for all of the unexploded munitions in Laos

<sup>162</sup> International Red Cross, "The Explosive Remnants of War"

<sup>163</sup> Lockheed Martin, 2003 Annual Report

<sup>164</sup> Campaign Against Depleted Uranium, <http://www.cadu.org.uk/intro.htm>

<sup>165</sup> Lockheed Martin Press Release, "Lockheed Martin Awarded \$226 Million Contract (Including Follow-On Production) To Provide Air Force A-10 Fleet Precision Attack Capability", February 15, 2001, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=12169&rsbci=0&fti=0&ti=0&sc=400>

<sup>166</sup> The United States Militaries deployment health support organization, [http://www.deploymentlink.osd.mil/du\\_library/](http://www.deploymentlink.osd.mil/du_library/)

<sup>167</sup> CADU News, Winter 2003-2004, <http://www.cadu.org.uk/news/16.htm>

<sup>168</sup> Bruce, I., "Devastating weapon which uses no explosive will transform tank warfare", the Herald (Glasgow), August 13, 2003

- **Landmines** – In the late 1990's Lockheed Martin was included on a Human Rights Watch list of Corporations involved in the production of antipersonnel landmines. At that time the United States Department of Defense stated that Lockheed supplied components for the Army' s ADAM and GEMSS antipersonnel mines, the Air Force' s Gator (CBU-89) antipersonnel mines, and the Navy' s Gator (CBU78) mines. The corporation admitted to have once been a producer of anti personnel landmines but denied that they were still involved in production.<sup>169</sup>
- **Cluster Bombs** – Lockheed Martin has been awarded contracts worth hundreds of millions of dollars to produce Wind Corrected Munitions Dispensers used by the United States Military to enhance the accuracy of existing cluster bombs such as the CBU-87, -89, and -97. Each 1000 pound CBU-87 cluster bomb contains 202 individual submunitions, also called "bomblets". Each bomblet has an antitank and antipersonnel effect, as well as an incendiary capability. The bomblets from each CBU-87 are typically distributed over an area roughly 100 x 50 meters and can be dropped from virtually any U.S. Air Force, Navy, and Marine Corps aircraft. Many bomblets never explode and remain on the ground becoming in effect antipersonnel landmines, deadly remnants of war that can explode from a simple touch. Cluster bombs have proven to be a serious and long-lasting threat to civilians, soldiers, peacekeepers, and clearance experts.<sup>170</sup>
- **Kentucky** – In June 1999, the Natural Resource Defense Council (NRDC) and former Lockheed Martin employees sued the company for environmental violations at the Gaseous Diffusion Plant in Paducah, Kentucky. The plant, which manufactured enriched uranium for nuclear weapons, was run by Lockheed Martin between 1984 and 1998. The lawsuit alleges that the company released uranium-contaminated smoke, steam and gas into the surrounding communities and dumped nuclear, hazardous and mixed waste into ditches, pits and creeks on and around the plant site and lied to the government about it. The Lawsuit accuses the company of gross workers' health and safety violations. After years of deliberation, the United States Department of Justice joined the lawsuit in the spring of 2003.<sup>171</sup>
- **California** – In 1991 Lockheed Martin agreed to clean up groundwater at its former Burbank California plant contaminated with various industrial solvents. Lockheed Martin - and other responsible parties - was held liable for the largest share of \$60 million for past and future remediation at the site in 1998. In April 2002, Lockheed Martin agreed to pay \$1.25 million to settle a six year battle with Burbank California residents regarding environmental contamination at the corporation's former "Skunk Works" plant. The settlement was awarded to 4 Burbank residents and to 35 additional claims that were originally dismissed. The residents claimed that the company polluted local ground water because of its improper disposal of toxic chemicals. The recipients of the settlement claimed that their various illnesses, including breast cancer, leukemia and non-Hodgkins lymphoma, were caused by the contamination. The settlement is the last in a line of 3,00 claims filed by Burbank residents against Lockheed Martin since the 1990s, including: 2000, \$5 million settlement between Lockheed Martin and 3,400 current and former residents near Burbank California in; 1996, \$60 million paid to 1,350 residents who lived near the facility.<sup>172</sup>
- **California** – In 1990, Lockheed Martin paid a \$1 million fine to the smog control agency for greater Los Angeles for violating air pollution regulations, including 750 counts of

<sup>169</sup> Human Rights watch Arms Project Report, "Exposing the Source: Companies and the Production of Antipersonnel Landmines", April 1997, Vol.9, No.2, <http://www.hrw.org/campaigns/mines/>

<sup>170</sup> Human Rights Watch News, "Cluster Bombs in Afghanistan", October 2001, <http://www.hrw.org/backgrounder/arms/cluster-bck1031.htm#what>

<sup>171</sup> The Washington Post, May 31, 2003

<sup>172</sup> Gao, H., "Lockheed Martin Settles Pollution Case with Burbank, Calif., Residents", Daily News, Los Angeles, April 17, 2002

emitting excess volatile organic compounds from spray-painting operations, and 6,000 counts for failing to keep adequate records.<sup>173</sup>

- **California** – Lockheed Martin is responding to three administrative orders issued in 1994 and 1997 by the California Regional Water Quality Control Board to clean up contaminated soil and groundwater at a former facility in Redlands California. The corporation plans to maintain the public water supply during the investigation. The corporation estimates that it will cost them \$180 million to complete the cleanup.<sup>174</sup> Of course, Lockheed Martin has never admitted responsibility for polluting the area. A class action lawsuit, originally filed in 1996 by 800 people alleging that toxic chemicals (trichloroethylene and perchloroethylene used at the plant) from the Redlands facility fouled the water supply, had grown to include thousands of residents. In 2003 the California State Supreme Court ruled that residents must individually prove they are entitled to medical monitoring.<sup>175</sup>
- **New York** – In 2003, Lockheed Martin estimated the future costs of cleaning up soil and groundwater contamination at a former plant in Great Neck, New York to be approximately \$50 million. A series of orders, beginning in 1991, to clean up the site and address a plume of off-site groundwater contamination have been issued by New York State Department of Environmental Conservation.<sup>176</sup>

## 4.2 Labour Track Record

17% of the Lockheed Martin's employees are unionized

### Discrimination:

**August 2005** – The Equal Employment Opportunity Commission (EEOC) sued Lockheed Martin in August, 2005 accusing the company of ignoring a black employee's complaints of racial harassment and retaliating after he complained. According to the EEOC Charles Daniels, an electrician who worked at several Lockheed facilities, was subject to racist jokes, slurs and threats by white co-workers and a supervisor daily for close to a year. Daniels was also told that the United States would have been better off had the South won the Civil War, and that co-workers talked about lynching and slavery. Daniels' personal lawyer said that "apparently there is a culture at Lockheed Martin that tolerates this kind of racial abuse and threats to health and safety of co-workers."<sup>177</sup>

**July 2003** – In July 2003, Doug Williams, a long time employee at Lockheed Martin's Meridian Mississippi plant opened fire on 14 workers – 12 of them blank – on the shop floor killing 6 and wounding 8 before taking his own life. The employee had a history of racist behaviour. The plant makes parts for C-130J Hercules transport planes and vertical stabilizers for F-22 Raptor jets.<sup>178</sup> In July 2004, an Equal Employment Opportunity Commission (EEOC) investigation found that Lockheed Martin permitted a racially hostile work environment for black employees at the plant to grow in intensity until the massacre took place. The EEOC said that beginning in December 2001 Williams created a racially hostile work environment through hostile, threatening and demeaning comments. The investigation also found that Lockheed's response to the fatal violence towards black employees has been inadequate in reducing the level of hostility towards all black workers

<sup>173</sup> Kelly, W., "Tanks & Toxins, Planes and Pollution: The Ecology of a Military Build-up", *Multinational Monitor*, Jan/Feb 2003, Vol. 24, Nos. 1&2.

<sup>174</sup> Lockheed Martin, 2003 Annual Report, p 63.

<sup>175</sup> Mintz, H., "Court Ruling Could Hurt San Martin Water Case", *Mercury News*, March 4, 2003.

<sup>176</sup> Lockheed Martin, 2003 Annual Report, p 63.

<sup>177</sup> Merle, R., Joyce, A., "Lockheed sued in harassment of black worker", *The Washington Post*, August 3, 2005

<sup>178</sup> Halbfinger, D., "Factory Killer Had a Known History of Anger and Racial Taunts", *The New York Times*, July 10, 2003

at the Meridian plant.<sup>179</sup> Nine lawsuits have been filed against the company as a result of the killings. The lawsuits allege various civil wrongs including wrongful death, intentional inflictions of injury, negligent supervision, intentional infliction of emotional distress and racial and gender discrimination.<sup>180</sup>

**October 2002** – In October 2002 a jury in New Orleans Louisiana awarded a Lockheed Martin employee \$130,000 as a result of a gender discrimination lawsuit filed by the worker. The Lawsuit, filed in 1996, alleged that the company committed sexual discrimination when it failed to promote her. The court ruled against the employees' allegations of racial discrimination.<sup>181</sup>

**March 2002** – Three Lockheed Martin employees in Palmdale California filed a lawsuit in March 2002 stating that they were victims of racial discrimination and that the corporation's managers have participated and tolerated a racially hostile work environment. The lawsuit, filed in a Los Angeles Superior Court, alleges racial discrimination, emotional distress, slander and libel. The workers say that they have been denied promotions, are paid less, have been pulled from projects in favor of white workers who have less experience and training, and have been the targets of racist graffiti.<sup>182</sup>

**January 2002** – In January 2002, 15 current and former employees filed a federal lawsuit against Lockheed Martin, BWXT and Wackenhut Services alleging systematic racial discrimination at the Y-12 nuclear weapons plant in Oak Ridge Tennessee. Lockheed Martin is the former contractor at the plant. The plaintiffs say they were subject to discrimination in promotion, pay, discipline policies, practices and procedures and in the creation of a racially hostile work environment.<sup>183</sup>

**July 2001** – In July 2001, the US Equal Employment Opportunity Commission sued Lockheed Martin on behalf of two women who worked at the corporation's Mission Systems office in Albuquerque. The lawsuit, filed in federal court, alleges the women were subjected to sexual harassment and gender discrimination and that the company took no action to correct and prevent verbal and physical sexual harassment despite complaints by both women to company managers. The suit is seeking punitive damages and the reinstatement of the former employee, who claimed she was forced to leave.<sup>184</sup>

**May 2000** – In May 2000, 11 employees filed two lawsuits seeking class action status to represent thousands of black employees at Lockheed Martin facilities across the country. The U.S. Equal Employment Opportunity Commission joined the lawsuit in December 2000. The suits allege that the company discriminated in hiring and pay and tolerated a hostile work environment that included racist language, the open display of Ku Klux Klan materials and nooses left in a black employee's work space.<sup>185</sup> A federal judge later refused to allow the Equal Employment Opportunity Commission to join the lawsuit. Class action status was denied in May 2001.

**November 1996** – In November 1996, Lockheed Martin Agreed to pay more than \$13 million to settle an age discrimination lawsuit with the US Equal Employment Opportunity Commission. The corporation will pay back 2000 former employees and rehire about 450 other older workers. In the lawsuit originally filed against Martin Marietta Corp., the EEOC had alleged that the company targeted employees over the age of 40 for job terminations by manipulating their job assignments to insulate younger workers from layoffs.<sup>186</sup>

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<sup>179</sup> Joyce, A., "Lockheed let racism brew, EEOC says", The Washington Post, July 13, 2004

<sup>180</sup> Lockheed Martin 2004 Annual Report

<sup>181</sup> Biers, J., "Woman wins bias suit against Lockheed", Times Picayune (New Orleans, LA.), October 31, 2002

<sup>182</sup> Skeen, J., "Bias Suit Filed", Los Angeles Daily News, March 13, 2002.

<sup>183</sup> Associated Press, "Current and former Y-12 employees allege discrimination in lawsuit", January 1, 2002

<sup>184</sup> Associated Press, "Two women sue Lockheed-Martin alleging harassment, bias", July 16 2001

<sup>185</sup> Schneider, G., Schafer, S., "EEOC May Join Lockheed Case", The Washington Post, December 6, 2000.

<sup>186</sup> Grimsley, K., "Lockheed Martin Settles Suit Alleging Age Bias", The Washington Post, November 22, 1996

## **Workplace Injuries:**

**December 1999** – A Chemical explosion at Lockheed Martin's Oak Ridge, Tennessee nuclear bomb factory in December 1999 resulted in injuries to 11 workers. The subsequent US Department of Energy (DOE) investigation found that the accident could have been prevented. Lockheed Martin Energy Systems was the plant contractor at the time of the explosion. The DOE found that managers and work planners responsible for worker safety did not understand the imminent danger of the interaction of materials that had mixed as a result of a spill. As a result of the incident eleven workers were disciplined and the corporation was forced to pay a \$1 million fine for safety oversights.<sup>187</sup>

## **Strike history:**

**March 2005** – Workers who build F/A-22 fighters and C-130J transports planes in Marietta, Georgia, walked off of the job on March 8<sup>th</sup> 2005. The workers went on strike after rejecting a tentative agreement with the employer. The strike lasted one week after workers accepted the contract they had originally rejected.<sup>188</sup>

**April 2003** – Four thousand workers at Lockheed Martin's Fort Worth plant went on strike on April 14 in response to a contract proposal that included cuts in health-care coverage for production workers and increases in medical and prescription co-payments. It was the third strike at the plant since 1984. The strike ended on April 27 with both sides agreeing on a three-year contract that includes wage increases of 4 percent in the first year, and a 3 percent raise in each of the next two years. Workers received a \$1,500 signing bonus, higher retirement pay, and additional holidays.<sup>189</sup>

**March 2002** – Workers at Lockheed Martin plants in Marietta, Georgia, Clarksburgh, West Virginia, and Meridian, Mississippi went on strike in March 2002 over job security (outsourcing), wages, health insurance costs and pensions.<sup>190</sup> In late April the corporation and the union agreed to a three-year contract.

**April 2000** – Workers at Lockheed Martin's Fort Worth plant went on strike over the issue of outsourcing jobs and cost of living protection. An agreement was reached in May.<sup>191</sup>

**February 1997** – Lockheed Martin settled a dispute with the United States National Labor Relations Board which included a \$4.35 million in backpay and interest for approximately 1,000 employees who were involved in a 1991-1992 strike at Martin Marietta Energy Systems, Inc. in Pickton Ohio. The board ruled that the company improperly implemented changes in employee's terms and conditions of employment without reaching a valid impasse with the Oil Chemical and Atomic Workers Union.<sup>192</sup>

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<sup>187</sup> Munger, F., "Safety issues bring Lockheed Martin \$1M fine", Knoxville News-Sentinel, August 29, 2000

<sup>188</sup> Hirschman, D., "Going back to work"

<sup>189</sup> Piller, D., "Lockheed, Machinists Union Reach Deal over New Contract", Fort Worth Star Telegram, April 28, 2003

<sup>190</sup> Hirschman, D., "Lockheed acrimony festered for years", Atlanta Journal-Constitution, May 13, 2002.

<sup>191</sup> Williams, B., "Militants Strike Lockheed Martin", The Militant, Vol. 64, No. 16, April 24, 2000.

<sup>192</sup> National Labor Relations Board Press Release, "NLRB General Counsel Announces \$4.35 Million Settlement With Lockheed Martin Energy Systems, Inc.", February 12, 1997, [Http://Www.Nlrb.Gov/Nlrb/Press/Releases/R2199.Asp](http://www.Nlrb.Gov/Nlrb/Press/Releases/R2199.Asp)



## 5. Stakeholder Profile

### 5.1 Institutional Shareholders

Holder	Shares	% of total outstanding	Value
State Street Corporation	83,373,903	18.79	\$5.40 billion
United States Trust Co Of Ny	71,923,660	16.21	\$4.66 billion
Barclays Bank Plc	31,410,614	7.08	\$2.03 billion
Fidelity Management & Research Corp	29,704,564	6.69	\$1.92 billion
Capital Research and Management Company	22,261,800	5.02	\$1.44 billion
Putnam Investment Management, LLC	14,907,729	3.36	\$967 million
Janus Capital Management, LLC	14,259,157	3.21	\$924 million
Massachusetts Financial Services Co	13,316,132	3.00	\$863 million
NWG Investment Management Company, LLC	11,311,568	2.55	\$733 million
Price Associates	9,198,046	2.07	\$596,677,244

[Source: Yahoo Finance]

### 5.2 Top Mutual Fund Holders

Holder	Shares	% of total outstanding	Value
Washington Mutual Investors Fund	6,550,000	1.48	\$424 million
American Balanced Fund	5,700,000	1.28	\$369 million
Putnam Fund for Growth and Income	4,886,900	1.10	\$297 million
Fidelity Contrafund INC	4,737,095	1.07	\$307 million
Janus Fund	3,969,965	.89	\$247 million
Vanguard 500 Index Fund	3,853,402	.87	\$250 million
Fidelity Equity-Income Fund	3,264,600	.74	\$199 million
Price (T. Rowe) Equity Income Fund	3,000,000	.68	\$194 million
Fidelity Magellan Fund INC	2,800,000	.63	\$181 million
Growth Fund of America INC	2,800,000	.63	\$181 million

[Source: Yahoo Finance]

### 5.2 Lockheed Martin Suppliers

An enormous and diverse corporation like Lockheed Martin uses thousands of different suppliers and providing an exhaustive list would be impossible. Many corporations, however, distribute annual awards to preferred suppliers who have performed well for the company and post lists of these supplier award recipients on their websites. Lockheed Martin' s Past recipients and where they are located is listed below.

### Facility Award Winners

Company Name	Location
Abelconn	Minneapolis, Mn
Advanced Electronics Company	Riyadh, Saudi Arabia
Aerial Machine & Tool	Vesta, VA
Aerosonic Corporation	Clearwater, FL
Aerospace Systems, A Division of Nortech Systems, Inc.	Fairmont, MN
Aircraft Instruments Co	Doylestown, PA
AMRO Fabricating Corporation	South El Monte, CA
Atlantic Research Corporation	Camden, AR
Auto-Valve, Inc.	Dayton, OH
BEMCO	Centerton, AR
BOLSAN	Eighty Four, PA
Bren-Tronics	Commack, NY
Circle Seal, Aerodyne Controls Div	Ronkonkoma, NY
COM DEV Space Group	Cambridge, Ontario, Canada
Costa Precision Mfg. Corp.	Claremont, NH
Cypress Semiconductor	San Jose, CA
Cypress Springs Enterprises	Mt. Vernon, TX
Datacon	Burlington, MA
Duotech Services	Franklin, NC
EDO Marine & Aircraft Systems	North Amityville, NY
Emerald Precision Casting	Spanish Fork, UT
EON Instrumentation	Van Nuys, CA
E-T-A Circuit Breakers	Mount Prospect, IL
Executive Technical Services Inc.	Addison, TX
Future Metals Inc.	Arlington, TX
GMT Corporation	Waverly, IA
Goodyear Tire & Rubber Company	Akron, OH
Hawker de Havilland Pty Ltd	Bankstown, Australia
Haigh-Farr, Inc.	Salem, NH
H C Pacific	Walnut, CA
Herley-Vega Systems Division	Lancaster, PA
International Manufacturing Services	Portsmouth, RI
ION Corporation	Hopkins, MN
Killdeer Mountain Manufacturing	Killdeer, ND
LAI Midwest	Fridley, MN
Lake Engineering	Long Lake, MN
Litton Systems Canada	Etobicoke, Ontario, Canada
M&M Aerospace	Miami, FL
Martin Tool Works	Schaumburg, IL
Massa Products Corporation	Hingham, MA
Matrix Composites	Palm Bay, FL
MechTronics of Arizona	Phoenix, AZ
Metric Systems Corporation	Ft. Walton Beach, FL
Midcon Cables LLC	Joplin, MO
New Year Tech	Vienna, VA
Nu Horizons Electronics Corp	Melville, NY
Nurad Technologies	Baltimore, MD
Oak Ridge Tool & Engineering	Oak Ridge, TN
Pioneer Aerospace Corporation	South Windsor, CT
Protronics, Inc.	Port Jefferson, NY
Remmele Engineering	Big Lake, MN
Rogerson Aircraft Corporation	Irvine, CA
RS Microwave	Butler, NJ
Schweizer Aircraft Corporation	Elmira, NY
Scot, Inc.	Downers Grove, IL
Scott Aviation	Lancaster, NY

Semflex	Mesa, AZ
Slingsby Aviation Ltd.	York, England
Soderberg Manufacturing	Walnut, CA
Spectra Systems	Boca Raton, FL
Spectrulite Consortium, Inc	Madison, IL
STEELCLOUD, Inc.	Sterling, VA
Storm Products	Woodrige, IL
Symbolic Displays, Inc.	Santa Ana, CA
TAMSCO Manufacturing	Polson, MT
TEAC America	Montebello, CA
Teledyne Electronic Technologies	Lewisburg, TN
Tools & Metals	Fort Worth, TX
Trivec-Avant Corporation	Huntington Beach, CA
Unison Industries	Norwich, NY
United Valve Company Div. of Federal Industries	El Segundo, CA
Vee Dennis Manufacturing Co.	Cherry Hill, NJ
ViaSat, Inc.	Carlsbad, CA
Western Filament	Grand Junction, CO
WG Henschen	Scottsdale, AZ

#### Perfect Product Award Winners

Company Name	Location
Adcole Corporation	Marlborough, MA
Advanced Graphics Co.	Marathon, NY
Aerotek Precision Manufacturing	League City, TX
Alliant Missile Products Co. LLC, Elkton Operations	Elkton, MD
BEI Sensors	Maumelle, AR
Chelton Electrostatics	Buckinghamshire, England
Columbia Research Laboratories	Woodlyn, PA
Fidelity Technologies	Reading, PA
General Dynamics Armament & Technical Products - Lincoln Operations	East Camden, AR
General Dynamics OTS Advanced Information Systems	Redmond, WA
Gray-Syracuse Inc.	Chittenango, NY
SABCA	Gosselies, Belgium
Signal Technology Corporation	Fort Walton Beach, FL
Sypris Electronic, LLC.	Tampa, FL

#### Subcontractor Service Award Winners

Company Name	Location
Aerospace Integration Corp.	Ft. Walton Beach, FL
Air Products and Chemicals, Industrial Gas Div.	Concord, CA
Albin Engineering Services	Sunnyvale, CA
Alliant Tech Systems (Space)	Magna, UT
Alltech International	Vienna, VA
Analytical Graphics, Inc.	Malvern, PA
Crestview Aerospace	Crestview, FL
Dynamic Research Corporation	Andover, MA
Eastman Kodak, Business Imaging Systems	Rochester, NY
ENSCO, Inc.	Springfield, VA
Fowler and Associates	North Canton, OH
GLS Associates, Inc.	Alexandria, VA
Gordon-Prill-Drapes, Inc.	Mountain View, CA
H.D. Miller Construction	Palo Alto, CA
LMC Industrial Contractors, Inc.	Avon, NY
Nova Technologies	Panama City, FL
O' Connell and Associates,	Williamsburg, VA
Rapicom	Zanesville, OH
ROMSYS SA	Bucharest, Romania
Scitor Corporation	Sunnyvale, CA
SEOS Limited	West Sussex, UK
Spyglass Engineering Inc.	Orlando, FL
Trawick and Associates	Bethesda, MD
Tri Model, Inc	Huntington Beach, CA

Washington Group International	Cleveland, OH
West Chester Mechanical	Chester, PA

[Source: Lockheed Martin Website

[https://supplinet.external.lmco.com/supplinet/main/supplier\\_programs/corp\\_star\\_list.cfm](https://supplinet.external.lmco.com/supplinet/main/supplier_programs/corp_star_list.cfm)]

# Conclusion

*Does it seem realistic to imagine that someday our governments will be run by the CEOs of big companies concerned with profits over the well being of the population? This profile makes it clear that one such company is on its way to making this a reality.*

*Lockheed Martin, who has been designing and producing military aircraft for the US government for decades, has become a colossal entity with the capability to bid on and perform contracts in a large number of government departments. Their vision of becoming “the world’s best advanced technology systems integrator” and their use of political connections and strategic donations has brought them to the point where they are a major driving force behind developing many aspects of the United States Government’s information technology capacities. What this profile has shown, is that the USG and Lockheed Martin are working together to bring high technology solutions to everything from a ballistic missile defense shield to software that will track US mail and distribute welfare cheques to a Boeing 747 mounted laser gun to technology used to profile airline passengers.*

*This level of diversity means that Lockheed Martin is a major actor in everything from the development of potentially catastrophic weapons for space to the management of the livelihoods for some of the United States’ most marginalized people to contributing to the alarming rise in racial profiling in the name of homeland security. This seems unfathomable, yet it is an alarming reality.*

*Lockheed Martin provides a disturbing example of how a corporation has the power to directly influence so many different sectors of society when their ultimate goal is to make as much money as possible. This profile is designed to provide information to activists and citizens concerned with this level of corporate power over their lives and the lives of others. Hopefully the intelligence gathered here will help people exploit some of Lockheed Martin’s weaknesses in order to bring them to account.*