

LOCKHEED MARTIN



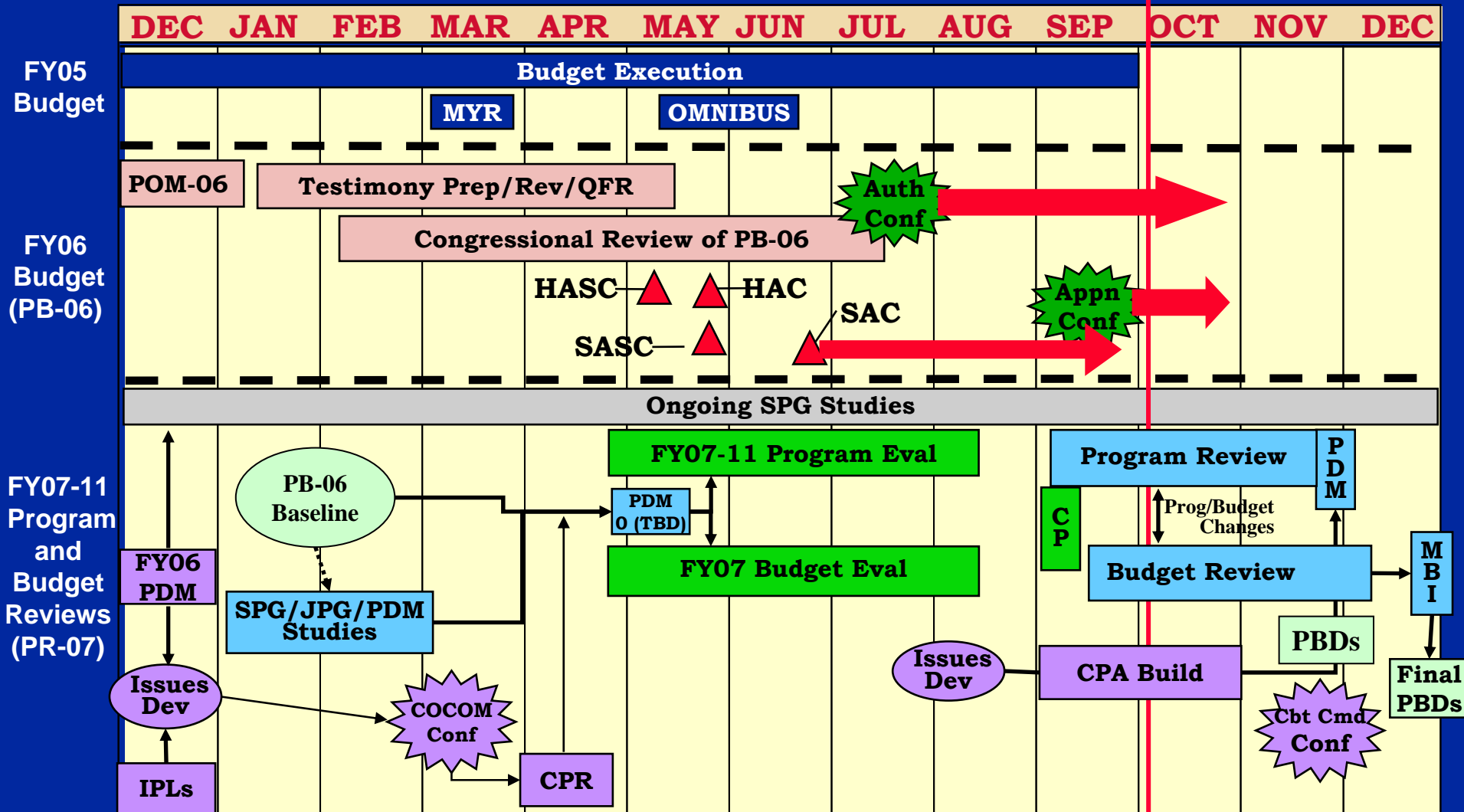
Government Relations from an Aerospace/Defense Perspective

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Three Years of Budgets In Process

Today



Plus...

- *Acquisition Reform*
- *Outsourcing*
- *“Buy America”*
- *Tax Policy*
- *Liability Indemnification*
- *And More...*

A Complex Environment

Who is the Customer?

(A Defense/Aerospace Perspective)

- *Simple Question... Simple answer... right?*
 - *The Procuring Agency*

No!



What Government Relations Experts Do for “You”

- **Strategic**

- *The “Big Idea”*
- *Thought Leadership*
- *Insight*
- *Shaping the Game*
- *Face, Voice, Eyes, and Ears*

- **Tactical**

- *Relationships With Key Government Customers*
- *Identify Business Opportunities*
- *Provide “Customer View” To the Campaign*
- *Help Develop and Execute the Strategy*
- *Advocate Programs In Congress and Executive Branch*
- *Assist With PR Campaigns*
- *Political Representation*

An Integral Part of the Campaign

Executive Branch Environment

- *Focus Still On Current Operations*
- *Reliance On Supplemental Appropriations*
- *Budget Pressures Increasing*
- *DOD:*
 - *OSD Predominance*
 - *Everything Must Be “Joint”, Including New JCIDS Customer*
 - *“Transformation” Still Underway*
 - *Capabilities-Based Thinking, Not Platforms*
 - *Evolutionary/“Good Enough” Acquisition*
 - *Best Partner/Best Value Balance*
 - *Overhang of Procurement Scandals*
 - *“Must Pay” Bills Growing*
- *Personnel Changes/Vacancies of Concern*

Congressional Environment

- ***Competing Priorities For Funds***
 - *Deficit*
 - *Tax Cuts*
 - *Cost Of Iraq War*
 - *Disaster Recovery*
- ***But National Security Remains A Priority***
- ***Internal Defense Budget Pressures Growing***
- ***Congress Forcing Budget Choices***
- ***Skeptical Of Many DOD Leaders***
- ***Appearance/COI Issue***
- ***2006/2008 Elections Stressing***



Impacts on Government Relations Approach

- **Executive Branch:**

- *Institutional/Joint Customer Very Important*
- *Sensitivity to Competing Priorities*
- *Must Offer “Gap Filler”/Spiral Approaches*
- *Best Partner and Best Value*

- **Congress:**

- *Less Top Down Leadership, More Committee Control*
- *New Players Moving into Key Committee Leads*
- *Cardinals Still Powerful*
- *Election Uncertainties Strengthen Delegations*
- *Industry Credibility/Trust Issue Must be Managed*
- *Good Program Performance Vital for Survival*

Summary

- *Increasing Complexity of Process*
- *New/More Decision Influencers*
- *Changing Power Dynamic*
- *“Keep Sold” More Challenging*
- *Decisions More Political*
- *Relationships Are Key*

