

10 companies profiting most from war

War has been called the parent of armies, which are a root of debt and taxes. But armed conflict is profitable for those who supply the weapons.

By Michael B. Sauter and Charles B. Stockdale, 24/7 Wall St.



Recession-proof

Sales for the world's 100 largest arms producers amounted to \$411 billion in 2010, according to the Stockholm International Peace Research Institute. That was up 1% from the year before, a modest rise that was held in check by the drawdown of foreign forces in Iraq.

Military budgets have been largely unaffected by the economic downturn, said Susan Jackson of SIPRI, a peace research group.

Since 2002, arms sales among the 100 largest providers of military equipment and services have increased 60%, SIPRI said in a release last month.

The 10 biggest arms producers accounted for more than half of the 2010 sales. The composition of those sales reflects the state of modern warfare, as battles are now often fought with remote surveillance and air strikes instead of ground combat.

Of the 100 companies on the list, 44 are based in the United States. Sales by the U.S. companies accounted for more than 60% of arms sales revenue in 2010.

The top seven U.S. arms producers are also among Uncle Sam's 10 biggest contractors.

Click ahead for a closer look at the 10 global companies profiting most from war.



No. 10: United Technologies

Sectors: Aircraft, electronics, engines

Arms sales in 2010: \$11.4 billion

Total sales in 2010: \$54.3 billion

Arms sales as percent of total: 21%

Total employment: 208,220

United Technologies (UTX) is an industrial conglomerate with subsidiaries that include elevator maker Otis and refrigeration giant Carrier. The Hartford, Conn., company also manufactures components for use in military aircraft and vehicles.

One of its subsidiaries, Pratt & Whitney, builds aircraft engines for dozens of different fighter jets. Among the jets equipped with Pratt & Whitney engines are the F-22 Raptor and the F-35 Joint Strike Fighter, the latter of which is being produced by the hundreds for nine countries. United Technologies is also heavily involved in aircraft manufacturing. It owns Sikorsky, one of the world's largest helicopter manufacturers. Sikorsky builds the popular UH-60 Black Hawk.



No. 9: L-3 Communications

Sectors: Electronics, services

Arms sales in 2010: \$13.1 billion

Total sales in 2010: \$15.7 billion

Arms sales as percent of total: 83%

Total employment: 63,000

L-3 Communications (LLL) is a top contractor in fields such as communications, intelligence and surveillance. According to the company, its customers include nearly every defense, intelligence and security agency in the United States, as well as allied foreign governments and commercial customers.

Among its many products are the L-3 SmartDeck, a fully integrated cockpit system, and the AVCATT mobile aviation training simulator, designed for the Army.

Although the company's arms sales have increased steadily for several years, the rate of increase slowed significantly from 2009 to 2010.



No. 8: Finmeccanica

Sectors: Military aircraft, satellites, defense systems, small arms and ammunition

Arms sales in 2010: \$14.4 billion

Total sales in 2010: \$24.8 billion

Arms sales as percent of total: 58%

Total employment: 75,200

Finmeccanica is Italy's largest aerospace, defense and engineering company. Partially owned by the Italian government, the conglomerate has joint ventures with dozens of companies in Europe and elsewhere.

Among its most notable enterprises are helicopter manufacturer Augusta Enterprises, missile manufacturer MBDA and the world's leading antisubmarine torpedo manufacturer, EuroTorp.

In 2007, Finmeccanica was the world's ninth-largest weapons manufacturer. In 2010, it moved to eighth-largest with a 46% increase in sales over that period.



No. 7: EADS

Sectors: Military aircraft, electronics, missiles

Arms sales in 2010: \$16.4 billion

Total sales in 2010: \$60.6 billion

Arms sales as percent of total: 27%

Total employment: 121,690

EADS (EADSF), short for European Aeronautic Defence and Space, is probably best known for its Airbus subsidiary, one of the world's leading commercial aircraft makers. EADS has a 37% share in missile manufacturer MBDA, and is one of the companies responsible for the development of the Eurofighter Typhoon fighter jet.

Only 27% of EADS' sales are arms sales, which is the second-smallest share among the major arms-producing companies. EADS has a major presence in markets in the Middle East, North America, Europe and elsewhere.



No. 6: Raytheon

Sectors: Electronics, missiles

Arms sales in 2010: \$23 billion

Total sales in 2010: \$25.2 billion

Arms sales as percent of total: 91%

Total employment: 72,400

Raytheon (RTN) is the world's largest manufacturer of guided missiles. The Waltham, Mass., company produces such widely used weapons as the AIM-7 Sparrow missile, the AIM-9 Sidewinder missile and the BGM-109 Tomahawk.

The company is also responsible for the Air Warfare Simulation program used by the Air Force.

Raytheon's arm sales rose 17% from 2007 to 2010.



No. 5: General Dynamics

Sectors: Artillery, electronics, military vehicles, small arms, vessels

Arms sales in 2010: \$23.9 billion

Total sales in 2010: \$32.5 billion

Arms sales as percent of total: 75%

Total employment: 90,000

General Dynamics (GD) provides combat systems, information technology and marine systems, including warships and nuclear submarines. The U.S. government accounts for more than 70% of sales.

Although the company has been around since 1952, it has enjoyed a resurgence beginning in the 1990s, thanks largely to a number of mergers. General Dynamics says it has acquired more than 50 companies since 1997. Over this same period, its revenue increased from \$4 billion to more than \$32 billion.

General Dynamics is known for its Ohio-class ballistic missile submarine, the Seawolf-class submarine, the M1 Abrams tank and the Arleigh Burke-class destroyer.



No. 4: Northrop Grumman

Sectors: Aircraft, electronics, missiles, vessels

Arms sales in 2010: \$28.2 billion

Total sales in 2010: \$34.8 billion

Arms sales as percent of total: 81%

Total employment: 117,100

Northrop Grumman (NOC) is the fourth-largest weapons contractor in the United States. The Falls Church, Va., company is a leading provider of aerospace technology and the world's largest producer of naval vessels. It makes Nimitz-class carriers, the flagship carrier of the Navy.

It is set over the next few years to build the new aircraft carrier Gerald R. Ford, the largest and most expensive ship in the Navy's shipbuilding program. The cost is rising for the vessel, the first of a new class of nuclear-powered submarines likely to remain in production for several decades.

Northrop Grumman also develops radar systems for aircraft and ground defense, sensor systems for a variety of vehicles and unmanned aircraft, and drones.



No. 3: Boeing

Sectors: Aircraft, electronics, missiles

Arms sales in 2010: \$31.4 billion

Total sales in 2010: \$64.3 billion

Arms sales as percent of total: 49%

Total employment: 160,500

As recently as 2007, **Boeing (BA)** was the largest arms producer in the world. By 2008, it had fallen to third-biggest, behind **Lockheed Martin (LMT)** and U.K.-based **BAE Systems**. Boeing is the second-largest aircraft producer in the world by deliveries, behind only Airbus. It is also the second-largest U.S. government contractor, procuring just under \$19.5 billion in contracts in 2010.

Among Boeing's major systems are the KC-767, an aerial refueling tanker, and the F-15 fighter jet.

Just 49% of Boeing's revenue in 2010 came from arms sales, one of the lowest proportions among the top 100 arms producers.



No. 2: BAE Systems

Sectors: Aircraft, artillery, electronics, military vehicles, small arms and ammunition

Arms sales in 2010: \$32.9 billion

Total sales in 2010: \$34.6 billion

Arms sales as percent of total: 95%

Total employment: 98,200

BAE Systems is a major foreign player in the U.S. defense market; the Department of Defense is its single largest customer. The London company's U.S. subsidiary, BAE Systems, would by itself be the world's seventh-largest weapons manufacturer.

The company was formed in 1999 in the merger of **Marconi Electronics** (at the time, a subsidiary of **General Electric**) and **British Aerospace**.

BAE Systems produces weapons in nearly every major military category, including aircraft, defense electronics, vehicles, naval vessels and small arms. Among the company's notable contributions are the M2/M3 Bradley fighting vehicle and the F-35 Joint Strike Fighter.



No. 1: Lockheed Martin

Sectors: Aircraft, electronics, missiles, space

Arms sales in 2010: \$35.7 billion

Total sales in 2010: \$45.8 billion

Arms sales as percent of total: 78%

Total employment: 132,000

Lockheed Martin (LMT), the world's largest provider of arms and military services, is the U.S. government's largest contractor, by a large margin. The company did nearly \$36 billion worth of business with the government in 2010.

Electronic Systems is its largest segment, providing sensors, surveillance systems and missile launching technology. The company also provides customers with engineering, logistics and information services.

Among Lockheed's major products are the Trident missile and the F-16 and F-22 fighter jets.

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