

**Lockheed Martin Corporation
GFY 2010 Comprehensive Small Business Subcontracting Plan**

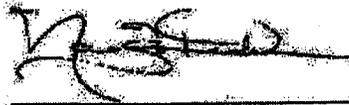
**For Utilization of Small, Small Disadvantaged,
Women-Owned, Historically Underutilized, Historically Black Colleges/
Universities, and Minority Institutions, Veteran, and Service Disabled Veteran-
Owned Small Businesses
on Department of Defense Contracts**

The effective date of this plan is:
October 1, 2009 thru September 30, 2010

This plan is prepared in accordance with Section 834 of Public Law 101-189 and is pursuant to Federal Acquisition Regulation (FAR) Subpart 19.7 and FAR 52.219-9, Defense Federal Acquisition Regulation Supplement (DFARS) 252.219-7004 and is applicable to all Department of Defense prime contract and subcontracts entered into by all Lockheed Martin operating companies.

Lockheed Martin Corporation

Comprehensive Subcontracting Plan Administrator:



Nancy H. Deskins Revision: 30 September 2009
Director, Supplier Diversity
230 Mall Boulevard, U2414
King of Prussia, Pennsylvania 19406
Telephone: 610/354-2634

Lockheed Martin Executive Sponsor:



Maurice J. Delorey Revision: 30 September 2009
Vice President, Global Supply Chain Management

The signature of the following authorized cognizant Government representative evidences approval of this Comprehensive Subcontracting Plan.


Kevin R. Loesch
DCMA Small Business Division/Center
Naval Weapons Station Earle, Bldg. C-3, Wing 1
Colts Neck, New Jersey 07722

SEP 30 2009
Date:

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EXHIBITS & APPENDICES

- Exhibit 1 Chairman, President and Chief Executive Officer Supplier Diversity Commitment Letter for Fiscal Year 2010
- Exhibit 2 Corporate Policy Statement 040
- Exhibit 3 Supplier Diversity Procedure 01
- Exhibit 4 Corporate Organization Chart
- Exhibit 5 Corporate Operations & Program Management Organization Chart
- Exhibit 6 Corporate Global Supply Chain Management Organization Chart
- Exhibit 7 Corporate Supplier Diversity Program Organization Chart
- Exhibit 8 Past Performance by Organization
- Exhibit 9 Fiscal Year 2010 Subcontracting Projections by Business Area
- Exhibit 10 Supplier Diversity Network/Organization Listing
- Exhibit 11 Key Milestones for (b)(4)
(b)(4)
- Exhibit 12 (b)(4)
- Appendix 1 Glossary of Definitions & Acronyms
- Appendix 2 GFY 2010 Subcontracting Goal Summary

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**Lockheed Martin Corporation
Comprehensive Small Business Subcontracting Plan
GFY 2010**

1. INTRODUCTION

The Lockheed Martin Corporation is pleased to be a corporate-wide participant in the Department of Defense Comprehensive Subcontracting Plan Test Program (Comprehensive Subcontracting Plan). In accordance with program requirements, the subcontracting goals and objectives outlined herein represent our performance expectations and strategies for utilizing Small Business (SB), Small Disadvantaged Business (SDB), Women Owned Small Business (WOSB), Historically Black Colleges/Universities & Minority Institutions (HBCU/MI), Tribal Colleges and Universities (TCU), Veteran Owned Small Business (VOSB), Service Disabled Veteran Owned Small Business (SDVOSB), and small businesses located in Historically Underutilized Business Zones (HUBZones) for the period 1 October 2009 through 30 September 2010. This plan is applicable to all United States based Lockheed Martin operating companies, but does not apply to joint ventures.

The Lockheed Martin executive management team is committed to the successful execution of this plan and supports the U.S. government's policy requiring maximum practicable subcontracting opportunity for small businesses consistent with the efficient performance of all government contracts. Chairman, President and Chief Executive Officer Robert Stevens issued a letter of commitment to the Comprehensive Small Business Subcontracting Plan for GFY 2010 (see Exhibit 1, attached).

Lockheed Martin recommends the goals for the business areas to be accepted by the contracting officer considering the past performance and opportunities per FAR Subpart 19.705-4. The goals are based on the ability of the business areas to expend good faith effort to use small businesses, veteran owned small business, service disabled small business, HUBZone small business and women owned small business contractors to the maximum extent possible. The recommended goals are in accordance with past performance and the subcontracting opportunities available and commensurate with the efficient and economical performance of the government contracts. Rationale is included for large business spend, details on business area base, key business challenges by major program, and delta changes from prior year goals as requested.

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2. OVERVIEW

Company Overview

The Lockheed Martin Corporation is headquartered in Bethesda, Maryland, is a global security company that employs approximately 146,000 people worldwide and is principally engaged in the research, design, development, manufacture and integration of advanced technology systems, products and services. The Corporation reported 2008 sales of \$42.7 billion, with a backlog of \$80.9 billion.

More than eighty-four percent (84%) of the Corporation's sales are to the United States Department of Defense and other federal agencies. The remaining sixteen percent (16%) of sales are to foreign governments and commercial companies.

The Corporation has four core business areas. Each is comprised of one or more operating companies (also known as business units), which are located throughout the United States. Supplier diversity professionals are designated at each operating company having a procurement function. The following is a brief description of the core areas of focus/expertise of each business area.

- Aeronautics: Fort Worth, Texas - World leader in air power projection including combat, air mobility, special mission/reconnaissance aircraft and design and development of advanced systems.
- Electronic Systems: Bethesda, Maryland - Premier systems and software engineering capability in air and missile defense, precision munitions, force transformation and homeland security.
- Information Systems & Global Services (IS&GS): Gaithersburg, Maryland - Organized into three reporting units: Mission Solutions, Information Systems and Global Services, IS&GS delivers world-class solutions and advanced technology globally across a broad spectrum of domains.
- Space Systems: Denver, Colorado - Leader in military, civil and commercial space products and services.

Supplier Diversity Program Objectives

The objectives of the Lockheed Martin Supplier Diversity Program are to: 1) ensure that small businesses of all type are afforded the maximum practicable opportunity to participate in the Corporation's subcontracting process; and 2) to provide Lockheed Martin personnel involved in the acquisition of materials and services adequate tools and training to enhance their ability to meet the company's supplier diversity goals and objectives.

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Management Commitment

Lockheed Martin Corporation senior management recognizes that small business concerns are a critical national resource, and are essential to our ability to successfully deliver products and services. Chairman, President and Chief Executive Officer Robert Stevens issued a letter of commitment to the Comprehensive Small Business Subcontracting Plan for GFY 2010 (see Exhibit 1, attached). Performance to the goals and objectives will be reviewed during executive performance reviews conducted periodically throughout the calendar year.

Corporate: The Senior Vice President of Operations & Program Management of Lockheed Martin Corporation reports directly to the Chairman of the Board, President & Chief Executive Officer and has the executive responsibility for the Corporation's supplier diversity function. The Vice President of Global Supply Chain Management (GSCM) reports to the Senior Vice President of Operations & Program Management and is responsible for the Supplier Diversity organization and ensuring operation activity. In this capacity he is responsible for ensuring that the Corporation's policies and business practices do not adversely impact the ability of small business to participate in Lockheed Martin's subcontracting process (see Exhibit 5).

The Company employs a Corporate Director of Supplier Diversity to manage the operational activities of the program and to maintain appropriate strategic focus on supplier diversity initiatives. This leader reports directly to the Vice President of GSCM, provides direction to the Corporation's supplier diversity team, and is the administrator of this plan (see Exhibit 6, attached).

Business Area: The senior sourcing executive of each business area is required to designate a manager of supplier diversity to represent their respective business area (see "Supplier Diversity Organization Chart," Exhibit 6, attached). These individuals are responsible for managing the supplier diversity related activity of their respective businesses. They are also responsible for ensuring that all subcontracting goals for their respective business area are met and that emphasis is placed on developing small business concerns in each of the designated industry and special initiative categories.

Operating Company (Business Unit): The senior sourcing executive at each Lockheed Martin Corporation operating company is responsible for the supplier diversity program performance of their organization. Each is required to designate a Small Business Liaison Officer (SBLO) to serve as the primary point of contact for small businesses and corporate personnel, and provide additional site and program support as required. These individuals are also responsible for generating performance reports and managing outreach activities. Subcontracting forecasts, mentor protégé selection & program management, special initiatives, and supplier interaction all originate at this level. The Supplier Diversity Network/Organization Listing is shown in Exhibit 6, attached.

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Past Performance, Awards & Recognition

The Corporation's Department of Defense subcontracting performance since entering the Comprehensive Subcontracting Plan Test Program is shown in Exhibit 8. Past performance by Business Area is also included.

Lockheed Martin Corporation has a history of national, state and local awards recognitions for their supplier diversity program performance. The awards received through July 28, 2009 are included below.

2009 Awards:

- Department of Defense Nunn Perry Award to MS2 & Geodetics, Inc.
- Department of Defense Nunn Perry Award to Aeronautics & Angeles Composite Technologies, Inc.
- Professional Connections Conference Corporate Supporters of HBCUs
- LM recognized as #9 by DiversityBusiness.com as one of America's Top Businesses for Multicultural Opportunities
- Small & Disadvantaged Business Utilization (SADBU) Consortium's Mentor of the Year Award with Dynacom
- Member "Billion Dollar Roundtable" of Fortune 500 companies who have awarded \$1 billion or more to minority and women-owned businesses
- Emma Stevens, Aeronautics Small Business Liaison Officer received Eagle Award from Vulcan Products Company
- 2009 New York Regional MED Week Supplier Diversity Honoree
- Lockheed Martin nominated Morehouse College Entrepreneurship Center, winner of the Minority Business Development Agency Advocate of the Year
- Lockheed Martin nominated Cardinal Technologies, winner of Region III Small Business Prime Subcontractor of the Year
- Lockheed Martin nominated Datrose and ISYS Technology, winners of the Administrator's Award for Excellence

3. CORPORATE POLICY

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Lockheed Martin has established corporate policy statements covering its key business processes and initiatives. These policy statements are issued under the authority of the Executive Office and establish standards of execution for the entire Corporation. A copy of Corporate Policy Statement 040 is attached as Exhibit 2.

Lockheed Martin has further established Supplier Diversity Procedure SDV-01 entitled Establishing & Monitoring Supplier Diversity Goals. A copy of SDV-01 is attached as Exhibit 3.

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4. CORPORATE-WIDE GOALS

Lockheed Martin Corporation is committed at the corporate level to achieving goals outlined in this plan.

The following goals have been established for GFY 2010:



Note: While goals have not been established for Historically Black Colleges & Universities and Minority Institutions or Alaskan Native Corporations, Lockheed Martin will extend its best efforts to contract with these institutions and track and report performance as contractually required.

Basis for Establishing Goals

Lockheed Martin Corporation requires its business areas to develop annual Department of Defense, other federal government agency and commercial business subcontracting forecasts for review by the Corporate Vice President of Global Supply Chain Management. The forecasts are reviewed with the vice presidents of the business area Global Supply Chain Management organizations and challenging goals are established by anticipated program spend and program opportunities for the fiscal year. The performance and accomplishments toward goal achievement are tracked in the Lockheed Martin Corporate Executive Vice President performance reviews on a quarterly basis. Business areas report on their goals, achievements and progress on a monthly basis to the vice president of Global Supply Chain Management.

The subcontracting goals referenced above are based on GFY 2010 subcontracting projections for Department of Defense contracts only (See Exhibit 9, attached). The Department of Defense announced in April 2009, a 2010 budget plan that made a number of sweeping cuts to large defense programs and subsequently stopped or delayed several large-dollar, defense programs with high small business subcontracting content. Lockheed Martin's small business subcontracting activity was immediately impacted by this announcement which is further reflected and detailed in Appendix 2 of this Comprehensive Subcontracting Plan. It is important to note that the forecast presumes award of new contracts during the plan period, and/or the exercise of options on existing contracts. Other considerations taken into account when establishing and negotiating subcontracting goals at all levels include: the historical subcontracting

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performance of major programs, program maturity, the impact of unanticipated contracts in support of U.S. involvement combating hostile and terrorist activities, international participation obligations, the acquisition strategies of individual programs, the impact of sole-source and customer directed sourcing restrictions, and order release timing issues; all of which could potentially affect the use of small business concerns.

Indirect and Overhead Costs

The subcontracting goals outlined in this plan include a proportional allocation of indirect procurement dollars, which is based on the percentage of Department of Defense contracts held by individual business units. Additionally, the proportional percentage of the Corporate Enterprise Operations entity's indirect spend is applied.

The following listing is representative of the various products and services that comprise indirect procurements:

- Computer Hardware/Software
- Factory MRO supplies, Media/Telecommunications Services
- Paper and Allied Products
- Office Furniture/Transportation Services
- General Services and Supplies
- Printing/Publishing Services/Paper Goods

Lockheed Martin utilizes a purchasing card (P-card) for certain low dollar procurements that are acquired outside of the company's procurement system. Purchases made via the P-card are made from both large and small businesses, but because these procurements are not made through a purchase order, identification of business size is not practicable. In accordance with instruction from the Department of Defense, Lockheed Martin will report these purchases as awards to large businesses for reporting purposes under this Plan.

Lockheed Martin does, however, include purchases made from our electronic catalogue: LM e-Cat. LM e-Cat transactions are ones for which a supplier profile is created in our system and the supplier certifies their small business status consistent with the traditional purchase order process. The payment to the LM e-Cat supplier is transacted by credit card versus a check or cash---but the contract itself is a purchase order and is consistent with Lockheed Martin and FAR requirements. This is not true for traditional P-card purchases which are strictly a contract by credit card purchase. The critical difference between LM e-Cat and traditional P-card purchases is that we have a written small business size certification for every LM e-Cat supplier consistent with our approved purchasing process.

Based on the genesis of the P-card concern and the compliant supplier verification activity present in the LM e-Cat supplier transaction, Lockheed Martin will continue to reflect LM e-Cat spend in the appropriate small business categories.

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Focus on SDB and SDVOSB Performance Improvement

Lockheed Martin Corporation's strategy for maximizing small business subcontracting opportunities is determined during annual strategic planning events conducted with the business area leads and other key executives. Strategies and approaches specific to the business areas and the Corporation are determined and implemented over the plan period to ensure that small businesses of all types are afforded a fair and equitable opportunity to participate in the subcontracting process.

- Regular Supplier Diversity Leadership meetings are conducted to evaluate progress in the program. The Defense Contract Management Agency (DCMA) is invited to participate in these meetings, as appropriate to the agenda. Supplier Diversity will be embracing Lockheed Martin's go green initiative and whenever possible will utilize virtual meeting tools in lieu of face to face meetings.
- Lockheed Martin will report the achievement against key initiatives to DCMA on a quarterly basis.
- Progress against planned improvement areas is monitored at the GSCM level monthly and at executive management reviews.

In April 2009, the Department of Defense announced a 2010 budget plan that made a number of sweeping cuts to large defense programs and subsequently stopped or delayed several large-dollar, defense programs with high small business subcontracting content. Lockheed Martin's small business subcontracting activity was immediately impacted by this announcement which altered the base upon which the multi-year SDB and SDVOSB plans, below, were originally based. Appendix 2 of this Comprehensive Subcontracting Plan details the basis upon which the GFY2010 goals were forecasted, and are summarized in Exhibit 9 by Business Area. Section 7, Initiatives for 2010, shows the quarterly milestones for achieving the performance levels targeted in the new subcontracting environment. Regardless of these Department of Defense challenges, Lockheed Martin Corporation will continue to demonstrate a good faith effort in executing the initiatives and subcontracting efforts designed to realize increased procurements with SDB and SDVOSB contractors.

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(b)(4)

Plan for Attaining [redacted] SDB Subcontracting Level for DoD Contracts

(b)(4)

In accordance with Comprehensive Subcontracting Plan requirements, a detailed plan to attain a [redacted] level of SDB subcontracting was established in FY08. Key milestones are provided in Section 7 and are reflective of the recent changes in the Department of Defense budget which impact maximum practicable subcontracting opportunity.

	FY 08	FY 09	FY 10
SDB Goals	(b)(4)		

Plan for Attaining 3% SDVOSB Subcontracting Level for DoD Contracts

Lockheed Martin Corporation supports the Department of Defense's 3% service disabled veteran owned business (SDVOSB) goal and has developed initiatives and strategies to increase subcontract awards in this area. A detailed plan to attain 3% in SDVOSB subcontracting was established in FY08. Revised key milestones are provided in Section 7 and are reflective of the recent changes in the Department of Defense budget which impact maximum practicable subcontracting opportunity.

	FY 08	FY 09	FY 10	FY 11	FY 12
SDVOSB Goals	(b)(4)				

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Principal Products and Services to be Subcontracted

Lockheed Martin is a premier systems integrator principally engaged in the research, design, development, manufacture, integration, and sustainment of advanced technology systems, products, and services. The following table is a representative listing of items procured in support of Lockheed Martin business areas. Lockheed Martin will periodically review detailed listings of our subcontract awards to large businesses as part of our effort to identify additional subcontracting opportunities for small businesses.

Please see table on next page.

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Manufacturing							
MAJOR SYSTEMS/PURCHASED PARTS/ASSEMBLIES							
AIRCRAFT PYLONS	X	X					
AIRCRAFT METALLIC PARTS	X	X	X	X	X	X	X
AIRCRAFT ENGINE and ENGINE PARTS	X	X	X	X	X	X	X
ASSEMBLY AIRCRAFT/MISSILE SPARE PARTS	X	X	X	X	X	X	X
AIRCRAFT AVIONICS	X	X					
C&D MAINTENANCE INTERFACE PANEL	X	X					
C&D STANDBY FLIGHT DISPLAY	X	X					
CABLES & HARNESSSES	X	X	X	X	X	X	X
CANOPY	X	X					
CARGO HANDLING SYSTEMS	X						
CNI APERTURES	X	X					
COCKPIT LIGHTING	X						
COMPLEX MACHINING/SHEET METAL - ALL BUSINESS AREAS	X	X	X	X	X	X	X
COMPUTER SYSTEMS DESIGN	X	X		X	X	X	X
COMPUTER AND COMPUTER PERIPHERAL EQUIPMENT	X	X	X	X	X	X	X
ELECTRO MECHANICAL EQUIPMENT - ALL BUSINESS AREAS	X	X	X	X	X	X	X
ELECTRONICS- ALL BUSINESS AREAS	X	X	X	X	X	X	X
ENGINEERING CONTRACT LABOR- ALL BUSINESS AREAS	X	X	X	X	X	X	X
ENGINEERING LOGISTIC SUPPORT	X	X	X	X	X	X	X
FLIGHT CONTROL PANEL- AERONAUTICS	X	X					
GUIDED MISSILES AND SPACE VEHICLE MANUFACTURING	X	X		X			
INERTIAL MEASUREMENT SYSTEM-ALL BUSINESS AREAS	X	X	X	X	X	X	X
LANDING GEAR- AERONAUTICS	X						
MISSILE REMOTE INTERFACE & GUIDANCE SYSTEMS	X						
OTHER AIRCRAFT PARTS & AUXILIARY EQUIPMENT	X	X		X	X	X	X
PROPULSION SYSTEMS	X						
RADIO, & TELEVISION BROADCASTING & WIRELESS		X	X	X	X	X	X
RESEARCH & DEVELOPMENT-ALL BUSINESS AREAS	X	X	X	X	X	X	X
SEARCH, DETECTION, NAVIGATION, GUIDANCE	X	X	X	X	X	X	X
SHIP BUILDING AND REPAIR	X	X					
TECHNICAL MANUALS- ALL BUSINESS AREAS	X	X	X		X	X	
TEST EQUIPMENT-ALL BUSINESS AREAS	X	X	X	X	X	X	X
TOOLING-ALL BUSINESS AREAS	X	X	X	X	X	X	X
RAW MATERIAL							
CASTINGS, FORGINGS, BAR, ROD STOCK, BRASS, RUBBER, WIRE	X	X	X	X	X	X	X
COMPOSITE MATERIALS, LUBRICANTS	X	X	X	X	X	X	X
METALLIC	X	X	X	X	X	X	X
NON-METALLIC	X	X	X	X	X	X	X
PLASTIC, RUBBER, ADHESIVES, CHEMICALS, PAINTS	X	X	X	X	X	X	X
SERVICES							
ADMINISTRATIVE MANAGEMENT and GENERAL MANAGEMENT	X	X	X	X	X	X	X
CUSTOM COMPUTER PROGRAMMING	X	X	X	X	X	X	X
ENGINEERING SERVICES	X	X	X	X	X	X	X
ENVIRONMENTAL SERVICES	X	X	X	X	X	X	X
FACILITIES/CONSTRUCTION	X	X	X	X	X	X	X
INFORMATION SYSTEMS & TECHNOLOGY	X	X	X	X	X	X	X

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5. SELECTED North American Industry Classification System (NAICS)

Lockheed Martin Corporation has designated the following commodity areas for special focus in GFY 2010: Composites and Search, Detection, Navigation, Guidance, Aeronautical & Nautical System and Instrument Manufacturing. These two industry categories were selected to increase small business performance subsequent to internal evaluation of NAICS assigned by Lockheed Martin for review by the Defense Contract Management Agency (DCMA) for improvement of small business performance.

FY 2010 Special Focus Industry Subcontracting Goals														
Category	SDV		SDP		AVCSB		VCSB		SDVCSB		VCSB		SP	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	
(b)(4)														

These categories represent commodities that are strategic to Lockheed Martin and have historically low levels of small business participation. Exhibit 11 outlines the timetable of the special initiatives and milestones to improve performance in each category. The metrics and performance in these areas will be provided quarterly to the plan Program Manager. The mid-year and year-end reports will be submitted with the Corporation's Summary Subcontracting Report via the Electronic Subcontracting Reporting System (eSRS). The 1Q & 3Q GY2010 reports will be submitted directly to the plan program Manger via electronic mail.

(b)(4)



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6. IMPLEMENTATION OF THE COMPREHENSIVE SUBCONTRACTING PLAN

Lockheed Martin Corporation's Comprehensive Subcontracting Plan complies with the elements set forth in paragraph (d) of the clause at FAR 52.219-9 entitled "Small Business Subcontracting Plan" (April 2008). It also complies with the requirements of Federal Acquisition Regulation (FAR), Subpart 19.7 The Small Business Subcontracting Program and the Defense Federal Acquisition Regulation (DFARS), Subpart 219.7. DFARS 252.219-7003 Small Business Subcontracting Plan.

Applicability

This Comprehensive Subcontracting Plan shall apply to all Department of Defense Lockheed Martin prime contracts with the Department of Defense existing at the time of approval and awarded through September 30, 2010.

The administrative contracting officer having oversight of this plan shall communicate formal notification of its approval to all Department of Defense agencies for which Lockheed Martin Corporation operating companies have active contracts. Individual change orders to each Department of Defense contract will not be required.

Review Process

The DCMA will conduct annual reviews of Lockheed Martin Corporation's performance under the Comprehensive Subcontracting Plan utilizing its Risk Management Process. Lockheed Martin Corporation will also support additional customer reviews, as required, to determine the effectiveness of the Comprehensive Subcontracting Plan in increasing opportunities for small firms performing under Department of Defense contracts.

Termination or Withdrawal from Program

Upon expulsion from the Comprehensive Small Business Subcontracting Test Program or Program termination on September 30, 2010, Lockheed Martin shall negotiate and establish individual subcontracting plans on all future DoD contracts that otherwise meet the requirements of 15 U.S.C. 637 (d).

Corporate Plan Administrator

Lockheed Martin Corporation's Corporate Director of Supplier Diversity, Nancy H. Deskins, is assigned responsibility for the development, implementation, and management of this plan, in addition to the responsibility for providing leadership and direction of the supplier diversity program at the corporate level. Lockheed Martin Corporation will notify the DCMA in writing if reassignment and/or replacement is required.

Duties of the Corporate Plan Administrator include, but are not limited to the following:

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- a) Serve as the Corporation's chief advocate for supplier diversity.
- b) Negotiate the Comprehensive Subcontracting Plan with the Defense Corporate Executive, Lockheed Martin Corporation.
- c) Manage and oversee the Corporation's network of small business liaison officers and provide advocacy for supplier diversity program objectives.
- d) Develop and execute strategic plans for the Corporation's supplier diversity program.
- e) Represent the Corporation in all supplier diversity-related matters, including serving as the Corporation's primary points of contact with government agencies, small business advocacy groups, etc.
- f) Participate in associations, workshops, seminars, and trade shows that are national in scope.
- g) Develop supplier diversity policies, procedures, and special programs.
- h) Negotiate annual corporate-wide subcontracting goals and objectives with business areas.
- i) Consult with business areas and business units regarding Supplier Diversity program compliance, training, customer audits, and other supplier diversity-related matters.
- j) Maintain a database of supplier diversity-related information.
- k) Participate in the Corporation's Diversity Maturity Model ensuring inclusion of Supplier Diversity as a key business metric.

Program Administrators - Supplier Diversity Business Area Leads

The responsibility for operational implementation and administration of this plan, as well as the implementation of the supplier diversity program elements is vested in the managers of supplier diversity at the business area level, and the small business liaison officers at the operating company (business unit) level. These individuals provide overall guidance and support to buyers, engineers, and others involved in source selection process. The duties of these individuals include, but are not limited to the following:

- a) Identifying areas where subcontract awards may be made, such as contract or independent research and development programs, scientific and technical studies, and other subcontracts in support of program and general administrative activities and plant operations.
- b) Participating in appropriate industry association activities, local trade associations, community awareness programs designed to promote the merits of Lockheed Martin Corporation as a business leader and an appropriate partner, characterize the qualities the Corporation seeks in its suppliers, and convey the kinds of subcontracting opportunities available within the business unit, business area, and Corporation.
- c) Conducting Mentor-Protégé programs and classes in conjunction with Engineering, Product Assurance, Global Supply Chain Management, Manufacturing and other organizations, designed to enable small businesses to

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qualify technically and administratively as Lockheed Martin Corporation suppliers.

- d) Coordinating with the Supplier Diversity Organization to:
 - Share best practices, lessons learned, and information regarding high quality sources.
 - Provide qualified suppliers with the appropriate opportunities.
 - Advocate corporate-wide procurements when beneficial to the Corporation and to small businesses.
 - Form action teams dedicated to joint process improvement activities.
 - Contribute to the development of cross-business area or business unit Mentor-Protégé programs and classes.
 - Institute other initiatives that will increase opportunities for small businesses.
- e) Following-up and supporting the Corporation's small business suppliers to sustain the required performance levels.
- f) Implementing supplier diversity policies and procedures within the business area.

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7. INITIATIVES TO IMPROVE SUBCONTRACTING PERFORMANCE

Lockheed Martin Corporation has established seven initiatives to increase its level of subcontracting with small business concerns. Each initiative is outlined in the table and additional target initiatives below. Increased subcontracting in these areas will benefit small business and the Department of Defense by increasing the level of competition created in these areas. Through a combination of cross-functional activities, interaction with small business advocacy groups, industry associations, etc., Lockheed Martin Corporation's supplier diversity team will develop and execute comprehensive strategies to ensure the completion of each planned initiative.

INITIATIVES FOR 2010					
INITIATIVE	SCOPE	OBJECTIVE	LOCATIONS	MILESTONES	STATUS
(b)(4)					
INITIATIVE	SCOPE	OBJECTIVE	LOCATIONS	MILESTONES	STATUS
(b)(4)					
INITIATIVE	SCOPE	OBJECTIVE	LOCATIONS	MILESTONES	STATUS
(b)(4)					

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Additional Target Initiatives

Lockheed Martin Corporation is committed to demonstrating the effectiveness of the comprehensive approach to enhancing opportunities for all small business concerns. To that end, Lockheed Martin Corporation will continue to implement the following initiatives:

- **Initiatives to Expand Opportunities for Native Americans and Participation in the Department of Defense Indian Incentive Program (IIP)** – Lockheed Martin Corporation will continue its support of the National Center for American Indian Enterprise Development (NCAIED) throughout the year. This initiative benefits Lockheed Martin and small business concerns in that it provides opportunities to incubate new small disadvantaged businesses, furthers subcontracting opportunities with small disadvantaged businesses, and provides benefits and incentives to Lockheed Martin through the IIP rebate program. Specific activities to be supported include:
 - Host a Native American Indian Diversity Celebration Month
 - Organize and promote a virtual Supplier Information Session to eligible Indian businesses
 - Sponsor the National Center for American Indian Enterprise Development PTAC Headquarters (pending the Government decision of PTAC funding).

- **Initiative to Increase Effectiveness of Outreach Efforts** - Lockheed Martin Corporation will continue with its successful, self-sponsored supplier information sessions and target seven events in GFY 2010. Three of the sessions will be conducted virtually which will allow the company to reach an increased number of buyers and end-users throughout the Corporation. Subcontracting with small disadvantaged business and service disabled veteran owned small businesses will be a major focus for each session. These businesses will be a focus when extending invitations to participate.

To determine the effectiveness of these events, the Corporation will continue to track the value of subcontracts awarded to session attendees every 6 months for 2 years after each event. Historically, Lockheed Martin and the federal government have benefitted from these focused sessions as we have realized numerous new contracting opportunities with small business concerns. It is the expectation that this trend will continue.

- **Initiatives for Participation in the Department of Defense Small Business Innovation (SBIR) Program** - Lockheed Martin Corporation will continue its support and participation of the SBIR program. The engagement of SBIR

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companies early into the technology roadmaps of the corporation will benefit LM, the federal government and small business concerns by ensuring the most technologically advanced companies are infused in future Customer deliverable product. Specific activities to be supported include:

- Active participation and sponsorship of major DoD SBIR conferences (i.e., National SBIR Conference, Beyond Phase II, Navy SBIR Forum)
 - Structured Lockheed Martin SBIR Corporate Team and semi-annual meetings
 - Host Joint Service/MDA/Industry SBIR CPP Technology Interchange Workshop
- **Initiative to Develop System for Addressing Small Business Complaints Regarding Prompt Payment** – Lockheed Martin Corporation pays small businesses in accordance with the terms of their purchase orders/subcontracts. All complaints regarding supplier payments will be addressed in a timely manner by the small business liaison officer of the business unit that issued the order. The LM Procure to Pay project is a Lockheed Martin wide implementation of a common procurement to payment system. The scope of the project includes requisitioning, sourcing, procurement, contract administration, receiving, supplier quality, inspection, payment, and material cost estimating. The phased implementation of this program across the corporation beginning in August 2009 will further enhance invoice processing efficiencies. As the P2P implementation schedule is typically dynamic of such efforts, schedule shifts will be shared with the CSP Program Manager when such announcements are identified to the operating units.

8. SOURCE IDENTIFICATION

Lockheed Martin Corporation SBLO personnel assist in identifying qualified SB, SDB, WOSB, HUBZone, VOSB and SDVOSB concerns as potential sources for participation in procurement opportunities. Commonly used resources include:

- U.S. Small Business Administration's Central Contractor Registration (CCR) database
- The US Department of Veterans Affairs Center for Veterans Enterprise
- National Regional Purchasing Councils Certified Supplier Listings
- Lockheed Martin Corporation Database
- Directories for Women's Business Enterprises
- Directories for Veteran Owned Businesses
- Diversity Resources National Resources Directory
- Procurement Technical Assistance Centers
- Local Chambers of Commerce, Business Trade Associations

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- mySBX.com

9. EFFORTS TO ENSURE EQUITABLE PARTICIPATION

Lockheed Martin Corporation supplier diversity professionals will work with buyers, strategic sourcing teams, and technical organizations to ensure that small business concerns are afforded the maximum practicable opportunity to participate in the Corporation's subcontracting process. In an effort to identify capable firms, Lockheed Martin will participate as sponsors, exhibitors, counselors and/or guest speakers at the following events.

- U.S. Small Business Administration Small Business Week Conference and Trade Fair
- District Small Business Administration Matchmaking Events and Trade Fairs
- National Minority Supplier Development Council Annual Conference and Trade Fair
- Lockheed Martin Corporation Supplier Information Sessions
- National American Indian Center's Reservation & Economic Summit
- U.S. Department of Commerce – Minority Business Development Agency
- Regional and National Minority Enterprise Development (MED) Week Conferences and Trade Fairs
- Government and Industry Sponsored Trade Fairs around the country
- DoD SBIR Phase II Conference
- National SBIR Conference
- Navy Opportunity SBIR Forum
- 5th Annual Missile Defense Agency SBIR Industry Day
- Host Air Force/MDA/Joint Missile Defense/Technology Workshop

A concerted effort will be made by all Lockheed Martin Corporation operating companies to identify and facilitate procurement opportunities, solicit, and fairly evaluate all small business concerns. Detailed requirements are outlined in the Lockheed Martin Acquisition Procedures (LMAP). To this end, Lockheed Martin Corporation will:

- Ensure that bidding period, delivery schedules, and all other elements of solicitations do not include provisions that unfairly restrict or eliminate inclusion of small business concerns.
- Where appropriate, subdividing requirements to facilitate small business participation.
- Breaking out requirements that can be performed by educational institutions in order to facilitate greater participation by HBCU/MI entities.

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- Ensure that make-buy deliberations consider the potential impact on small business subcontracting.
- Work with engineering and program personnel to evaluate small business concerns during the design and development phase.
- Ensure that specifications, drawings, and other relevant data are made available to small business concerns in a timely manner.
- Use restricted competitions, where appropriate and practical.
- Provide counseling and other forms of assistance to small business concerns to the extent that it does not compromise the integrity of the Corporation's procurement process.
- Authorize progress payments and performance-based payments to small business concerns in instances where considerable investment is required to perform under a Lockheed Martin Corporation subcontract or purchase order.
- Provide small business concerns with the use of Lockheed Martin Corporation owned tooling and equipment, where practical.
- Host trade fairs and conferences whereby potential suppliers can meet key members of the Lockheed Martin Corporation engineering, program management, manufacturing, and procurement staff.

10. MAKE OR BUY

Lockheed Martin Corporate Policy Statement (CPS-018), Make or Buy, requires the Corporation to provide the best value to our customers, and apply competitive principles in determination to make or buy goods and services. Make or Buy programs are to comply with all applicable government regulations and consider the inclusion of small businesses:

- Requirements are reviewed, consistent with sound business practices, for possible breakout for procurement from all Small Business concerns.
- Make-or-buy deliberations include adequate and timely consideration of all Small Business concerns capabilities.
- Development work, likely to lead to production, is examined for possible placement with all Small Business concerns.

11. SUPPLIER RECOGNITION

Lockheed Martin believes in recognizing the contributions of suppliers and rewarding excellence across the enterprise. As such, both the STAR and LM21 Best Practices programs are corporate-wide programs recognizing suppliers for their accomplishments for quality, schedule, affordability, management, and process improvements. Suppliers benefit from these programs by the increased subcontracting opportunities that result from the recognition of being a top performing supplier. Lockheed Martin Corporation

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benefits by having a more capable supply base, one that produces quality product and delivers them on time. Last, but certainly not least, our customers benefit by having quality product to support the needs of the Department of Defense on-time and on-budget.

12. RECORD KEEPING

Each Lockheed Martin Corporation business unit shall maintain records to demonstrate that policies and procedures have been implemented to track performance and assure compliance with the requirements and goals reflected by the subcontract plan. Such records include the following:

- (a) Source lists, guides and other resources that enable procurement personnel to identify, develop and provide bid opportunities to small business concerns.
- (b) Records of efforts to obtain and utilize small business concern sources through contacts with Government and industry organizations.
- (c) Records of all awards of \$100,000 or more, indicating on each solicitation (1) whether small business concerns, small disadvantaged business, women-owned small business, HUBZone small business, veteran-owned, and service-disabled veteran-owned small business concerns were solicited and, if not, why not; and if applicable, the reason the award was not made to these firms.
- (d) Records of outreach efforts to contact trade associations, small business concerns, small disadvantaged business, women-owned small business, HUBZone small business, veteran-owned, and service-disabled veteran-owned small business concerns.
- (e) Records of internal activities implemented to give guidance to procurement and other personnel through workshops, seminars, training, etc., and monitoring performance to evaluate compliance with the program's requirements.
- (f) Purchase order documentation will be maintained at the Lockheed Martin Corporation business that places the order, in accordance with both corporate and business unit operating procedures. The statistical records of the dollars and percentages of awards made to small business concerns as well as HBCU/MI/TCUs are also maintained and provided in the monthly report to the corporate Supplier Diversity office. Purchase order documentation and statistical reports are available for review by government agencies, such as the Defense Contract Management Agency and the Small Business Administration. It is also anticipated that the small business representative of such agencies will conduct periodic site reviews.

13. REPORTS

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Supplier Diversity professionals at all levels will monitor compliance with this plan and will promptly notify the corporate Supplier Diversity director of any significant performance problems or plan changes. They shall also ensure that corrective actions directed by the corporate director of supplier diversity or other cognizant management are implemented.

Business area managers of supplier diversity will submit the following performance reports (consolidated by business unit as applicable) to the corporate director of supplier diversity:

- (a) Monthly Performance Report
- (b) Quarterly Recovery Plan, to establish corrective action for any subcontracting goals or objectives that are not being met

This information will be aggregated to determine the subcontracting performance for the Corporation and provided to the corporate vice president of Global Supply Chain Management. Copy will also be provided to the DCMA Comprehensive Subcontracting Plan Manager.

Lockheed Martin will file its required semi-annual performance reports using the Electronic Subcontracting Reporting System (eSRS). Lockheed Martin will also report subcontracting performance for agency specified ACAT-1 programs as attachments to the eSRS reports. The plan Program Manager will provide the Lockheed Martin Director, Supplier Diversity a listing of the required programs no later than 30 days after the approval of the plan. Additional reports will be forwarded to DCMA per request on the progress of performance and initiatives.

Lockheed Martin Corporation will cooperate in special studies and/or surveys conducted to assess the effectiveness of the Comprehensive Subcontracting Plan and submit reports to allow the Department of Defense to assess the Corporation's compliance with the provisions of this agreement.

14. FLOWDOWN REQUIREMENTS

Lockheed Martin Corporation includes the following provisions on all purchase orders and subcontracts issued in support of Department of Defense contracts, except where such inclusion is exempted by the terms of the affected clause:

FAR 52-219-8 Utilization of Small Business Concerns

FAR 52-219-9 Small Business Subcontracting Plan

DFARS 252.219-7003 Small Business Subcontracting Plan (Department of Defense Contracts).

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DFARS 252.226-7001 Utilization of Indian Owned Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns

Lockheed Martin requires its large business subcontractors who receive subcontracts in excess of the \$550,000 threshold to adopt a plan that meets the requirements of FAR 52.219-9. Lockheed Martin requires subcontractors to submit an individual subcontract plan demonstrating compliance to this requirement. SBLO personnel review each plan meets the applicable requirements. The provisions of the Comprehensive Subcontracting Plan Test Program are not flowed down from Lockheed Martin Corporation to subcontractors. Suppliers who have negotiated commercial item plans with their local DoD agency are not required to furnish individual plans, but are required to provide evidence that the appropriate DoD office has approved the plan.

Lockheed Martin requires all subcontractors to certify their status as small, veteran-owned small business, HUBZone small, small disadvantaged or women-owned small businesses. Lockheed Martin's Procure to Pay (P2P) system is the corporation's record of authority for supplier unique data and information including supplier size. Upon registering and certifying in the system, suppliers receive the following notification regarding small business size representation:

Notice: Under 15 U.S.C. 645 (d), any person who misrepresents a firm's status as a small business concern in order to obtain a contract to be awarded under the preference programs established pursuant to sections 8 (a), 8 (d), 9, or 15 of the Small Business Act or any other provisions of Federal Law that specifically reference section 8 (d) for a definition of program eligibility, shall (1) be punished by imposition of a fine, imprisonment, or both; (2) be subject to administrative remedies, including suspension and debarment; and (3) be ineligible for participation in programs under the authority of the Act.

15. OUTREACH/PUBLICIZING SUBCONTRACTING OPPORTUNITIES

Lockheed Martin Corporation publicizes prospective subcontract opportunities in the following ways:

- (a) By participating in federal procurement conferences, trade fairs, industry conferences and related functions.
- (b) By hosting trade fairs and conferences; whereby, potential suppliers can meet key members of the Lockheed Martin Corporation engineering, program management, manufacturing, and procurement staff.
- (c) By maintaining a toll free automated information line for supplier questions, upcoming events, and Lockheed Martin Corporation site representatives contact information at 1-877-LMC-SBLO (1-877-562-7256).
- (d) By maintaining an email address supplier.communication@lmco.com for submittal of supplier's electronic brochures and capability. This information is transmitted internally to the appropriate buyer, program office, and business unit SD Lead.

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- (e) By using social networking tools/capabilities (Twitter and mySBX) to promote opportunities and events.
- (f) By maintaining the Lockheed Martin Corporation Supplier Diversity website, which can be found at <http://www.lockheedmartin.com/suppliers/supplier-diversity/>.

In recognizing the limited resources available to small businesses for travel expenses and in an effort to embrace the company's "Go Green" initiatives, Lockheed Martin will be conducting an increased number of meetings and events virtually.

As Lockheed Martin has evolved their Supplier Diversity program, enhancements have been implemented to ensure Lockheed Martin's strategic focus in specific areas and to increase access of small businesses to potential subcontracting opportunities.

All Programs:

- Lockheed Martin hosted a virtual Supplier Information Session dedicated to strategic partners of Government Programs. Small businesses who are protégés, SBIR and HBCU/MI partners were invited to participate. In addition, these same partners have been invited to Lockheed Martin's LMConnect Conference in October, where approximately 1,000 Lockheed Martin employees will be in attendance

SBIR Program:

- Lockheed Martin now has a unified corporate team in place that represents all Business Areas with more than 40 members and 6 designated Business Area leads and two corporate leads from Supplier Diversity and Corporate Engineering and Technology offices
- SBIR Team meetings are being held on a quarterly basis -- face-to-face. For 2009, the meetings took place in January, April and Sept.
- A SharePoint SBIR team space and electronic discussion board have been established for members to exchange information
- Lockheed Martin is/will be a sponsor of the MDA SBIR event, Beyond Phase II and National SBIR conferences and giving presentations and/or participating in panel discussions at the Navy SBIR Forum and Beyond Phase II. Lockheed Martin is also hosting multiple internal SBIR Technology Exchanges in Sunnyvale, Eagan and Moorestown as well as a Joint CPP Workshop in Sunnyvale in December

HBCU/MI:

- Lockheed Martin developed and implemented a Supplier Diversity HBCU/MI Advocate Program where Small Business Liaison Officers were selected to represent key HBCU/MI schools and be their ambassador and partner

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- Aligned Supplier Diversity strategies with University Relations' and Corporate Engineering and Technology's HBCU/MI strategies to ensure maximum support and stronger alliances internally and with the HBCU/MIs
- Developing a corporate agreement with HPO -- a soon to be protégé and brokerage firm that assists with HBCU/MI activities

Mentor Protégé:

- Lockheed Martin is the winner of two Nunn Perry Awards in 2009
- Lockheed Martin nominated protégé ISYS Technologies for SBA Award Administrator's Award of Excellence and Cardinal Technologies for SBA Small Business Subcontractor of the year for SBA Region III
- Aeronautics hosted two celebrations at protégés M2 Global Technologies and ACTI firms
- Lockheed Martin awarded with SADBUI Mentor of the year for a 2nd time – ES (John Fitzgerald) for mentoring Dynacom
- Lockheed Martin nominates Morehouse who wins Advocate of the Year – National MED Week Conference
- Establishing a structured Corporate-wide protégé training program to support the Government Mentor Protégé Program across all Lockheed Martin Business Areas
- Lockheed Martin is now an approved NASA mentor
- Currently have 27 agreements in place (6 DoD) and 4 pending agreements

AbilityOne:

- Held two internal educational sessions on Ability One with Greg Braniff of NISH as the main speaker. BD, Procurement and SBLOs invited to the session
- Developing a directory of AbilityOne eligible non-profit organizations.
- Developed data of AbilityOne partners and work performed

Indian Incentive Program:

- Established a directory of eligible Native American Indian Businesses
- Established a new month-long Lockheed Martin-wide celebration, to take place in November, to promote Native American businesses and the Indian Incentives program
- Hosting a virtual SIS dedicated to Native American Indian businesses in November
- Establishing a rewards and recognition program to recognize participants in the Indian Incentives Program

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16. SUPPLIER DIVERSITY TRAINING

Lockheed Martin Corporation strives to increase awareness of the importance of Supplier Diversity through its training initiatives.

Supplier Diversity has a corporate-wide web-based supplier diversity training module, which is available for all indirect employees assigned to the Corporation's Global Supply Chain Management organization, Procurement, Business Development and all Leadership in the corporation. This course highlights the value and importance that supplier diversity brings to the Corporation and our customers.

In addition, an instructor-led training course has been developed for all new Lockheed Martin Supplier Diversity professionals and is offered on a quarterly basis. Lockheed Martin also offers live training courses on an annual basis for all Procurement and Business Development professionals.

All employees new to the Supplier Diversity organization are matched with a Mentor in our Supplier Diversity Program. The goal of this program is to provide key information, support and assistance to the new Supplier Diversity professional.

These courses aid in increasing awareness of Lockheed Martin's Supplier Diversity Program. They familiarize employees with the supplier diversity program objectives; provide insight on the impact of daily decisions on the Corporation's supplier diversity performance; illustrate the benefits of an inclusive/diverse supplier base; and motivate employees to help enhance the Corporation's supplier diversity performance.

17. DCMA 640 REVIEW



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Exhibit 1:

**Letter of Support from Chairman of the Board, President & Chief Executive Officer
Robert J. Stevens**

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Lockheed Martin Corporation
6801 Rockledge Drive Bethesda, MD 20817

LOCKHEED MARTIN 

Robert J. Stevens
Chairman, President and Chief Executive Officer

July 31, 2009

Mr. Kevin Loesch
Director, Small Business Programs Division & Small Business Center
Defense Contract Management Agency
Bldg. 1208E, ATTN: DCMA-AQS
Fort Monmouth, NJ 07703

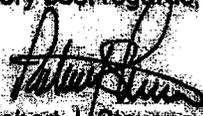
Dear Mr. Loesch:

The Lockheed Martin team is committed to the successful execution of the Comprehensive Small Business Subcontracting Plan and supports the U.S. Government's policy requiring maximum practicable subcontracting opportunity for small businesses.

In support of the 2010 Comprehensive Small Business Subcontracting Plan, we have set aggressive performance goals and have communicated our expectations regarding these goals. The 2010 CSP performance goals and initiatives will receive regular visibility and review during executive operating reviews and other significant review forums.

The Department of Defense and our other government customers have our fullest commitment to the success of this plan.

Very best regards,


Robert J. Stevens

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Exhibit 2

Corporate Headquarters
Corporate Policy Statement CPS-040
Revision No: 4
Effective: January 1, 2006
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Current policies and procedures are on the Lockheed Martin Intranet

Supplier Diversity Program

1.0 Policy

It is Lockheed Martin policy to provide subcontracting opportunities to small business concerns to the maximum extent practical.

2.0 Applicability

This policy applies to subcontracting opportunities arising from government and commercial programs and internal projects.

3.0 Definition

For the purposes of this policy, the term *Small Business Concerns* will include small disadvantaged business concerns, woman-owned small business concerns, historically black colleges and universities and minority institutions, HUBZone small business concerns, veteran-owned small business concerns, and service-disabled veteran-owned small business concerns.

4.0 Implementation

4.1 Lockheed Martin will maintain a proactive Supplier Diversity Program that will enable small business concerns to become responsible suppliers to the Corporation. The program will be consistent with Lockheed Martin's policy of considering all suppliers fairly in competition for requirements falling within their demonstrated capabilities.

4.2 Business units will maintain Supplier Diversity Programs that comply with the applicable contracts, laws, regulations, policies, procedures, Long Range Plans, and the Lockheed Martin Code of Ethics and Business Conduct (Setting the Standard). The program will include:

- The identification and promotion of program and non-program subcontracting opportunities for small business concerns.
- Support for community awareness programs that promote the merits of Lockheed Martin as an appropriate business partner. Business units will coordinate activities with the corporate Director Supplier Diversity to ensure consistency of message.
- Coordination with other Supplier Diversity Managers to share supplier information, best practices, lessons learned, and subcontracting opportunities; promote the use of small business concerns in the corporate agreement process; pursue joint process improvement activities; and contribute to the development and execution of cross-business area/unit mentor-protégé programs.

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- Coordination with other functional organizations to use mentor-protégé programs, Small Business Innovation Research programs, and other development programs as appropriate to further the development of small business concerns.

4.3 The corporate Director Supplier Diversity will establish Supplier Diversity Program goals and objectives with the corporate Vice President Global Supply Chain Management, and negotiate them as appropriate with customers.

4.4 Business areas will develop annual Supplier Diversity Plans that specify subcontracting goals and objectives, strategic initiatives, and plans for accomplishing each. Business areas will enter the subcontracting goals into the Supplier Diversity Subcontract Reporting System and submit the Supplier Diversity Plans to the corporate Director Supplier Diversity by August 1. Business units will report subcontracting performance by the fifteenth of each month through the Supplier Diversity Subcontract Reporting System. The corporate Director Supplier Diversity will report results to management.

5.0 Responsibilities

Corporate Vice President Global Supply Chain Management

- 5.1 Oversee the implementation of this policy.
- 5.2 Designate the corporate Director Supplier Diversity.

Corporate Director Supplier Diversity

- 5.3 Develop, institute, and monitor the Supplier Diversity Program with the business areas.
- 5.4 Serve as Lockheed Martin's chief advocate for supplier diversity, representing the Corporation in supplier diversity-related matters. Serve as the primary contact with government administrative bodies and agencies.
- 5.5 Participate in outreach activities and associations.
- 5.6 Maintain a repository of supplier diversity-related information.

Business Area/Business Unit Senior Executives or designees

- 5.7 Designate a Supplier Diversity Manager.
- 5.8 Ensure element compliance with this policy and the procurement procedures defined in CPS-113, Procurement of Materials and Services.

Business Area/Business Unit Supplier Diversity Manager

- 5.9 Develop, execute, and monitor the Supplier Diversity Program. Promptly notify the corporate Director Supplier Diversity of significant performance problems or Supplier Diversity Plan changes. Oversee the implementation of corrective actions.
- 5.10 Submit subcontracting reports required by law, regulation, contract, or customer.

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5.11 Serve as the element's contact with the corporate Director Supplier Diversity, the local business community, government agencies, and the small business concerns participating in the Supplier Diversity Program.

//s// Robert J. Stevens
Chairman, President & Chief Executive Officer

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Exhibit 3

Corporate Global Supply Chain Management
Supplier Diversity Procedure SDV-01
Revision No: 1
Effective: March 12, 2009
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Current policies and procedures are on the Lockheed Martin Intranet

Establishing & Monitoring Supplier Diversity Goals

- 1.0 Purpose
- 2.0 Responsibility
- 3.0 Determining Material Base
- 4.0 Forecasting & Establishing Goals
- 5.0 Finalizing Goals
- 6.0 Approvals
- 7.0 Monitoring Performance to Goals
- 8.0 Deviations

1.0 Purpose

- 1.1 Lockheed Martin Corporation is committed to providing maximum practicable subcontracting opportunities to small business concerns and to the establishment and execution of small business performance goals.
- 1.2 This procedure describes the methodology for forecasting and establishing Supplier Diversity goals and identifies measures for monitoring and addressing deficiencies in performance to those goals.

2.0 Responsibilities

2.1 Corporate Supplier Diversity

- 2.1.1 Maintain and oversee the implementation of this policy.
- 2.1.2 Conduct the annual small business goal establishment activity and determine Corporate-wide supplier diversity goals.
 - 2.1.2.1 Negotiate supplier diversity goals and initiatives as authorized.
- 2.1.3 Lead and monitor the Supplier Diversity program for Enterprise Operations.

2.2 Business Area Supplier Diversity

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2.2.1 The Business Area Small Business Liaison Officer (SBLO) supported by cognizant executive and management teams and Business Area personnel will evaluate and forecast opportunities within the business area to ensure maximum practicable subcontracting opportunity for small businesses and establish Business Area supplier diversity goals.

3.0 Determining Material Base

3.1 The SBLO is responsible to engage the appropriate LM professionals and organizations to determine the projected material base upon which the annual forecast is projected. These resources may include:

- Material Planning
- Finance
- Material Acquisition Centers
- Business Development
- Program Management

3.2 The following items are excluded from the material base as utilized for the purpose of forecasting small business goals:

- Intra Work Transfer Authorizations (IWTAs)
- Subcontracts awarded to foreign suppliers
- Subcontracts with government agencies
- Teaming Agreements, Customer Directed Sources and Joint Ventures for which no subcontract is issued by Lockheed Martin. Auditable documentation of these agreements must be maintained.
 - Note: These arrangements are desirable to the Government as they offer the best combination of performance, cost, and delivery and, per FAR Subpart 9.602 – Contractor Teaming Arrangements, are particularly appropriate in complex research and development acquisitions, but also in other acquisitions, including production.

3.3 Business area forecasts should primarily reflect active contracts.

3.3.1 Consideration for subcontracting projections for orders that have not yet been awarded should be included if the business has reasonable expectations of being awarded a contract or contract extension during the plan period. Historical “win” rates against these projections are a reasonable method for consideration of such awards into the forecast.

3.3.2 The SBLO must carefully consider the inclusion of projected wins into the procurement base since it is unlikely that goals will be re-negotiated if the program is not awarded. These risks should be reviewed with Business Area leadership prior to inclusion into final forecasted goals.

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3.4 Indirect Spend: LM businesses determine indirect base through the utilization of an indirect ratio (or adder or percentage) based on historical data analysis as the variances in this data are generally minimal from year to year.

3.4.1 The SBLO should allocate the forecasted indirect spend by customer. This allocation should be based on the percentage that each customer represents of the business' total contract base.

3.4.2 Enterprise Operations indirect spend will be allocated to the business areas or contracts in proportion to the business areas' total direct commitments against total corporate commitments.

3.5 Indefinite Delivery/Indefinite Quantity (IDIQ) programs include inherent risk to forecasted base and must be considered with that risk in mind.

4.0 Forecasting & Establishing Goals

4.1 Business areas evaluate opportunities to ensure maximum practicable subcontracting opportunity for small businesses. Goals should be determined by considering both the subcontracting opportunities available commensurate with the efficient and economical performance of the contract, and the pool of eligible subcontractors available to fulfill the subcontracting opportunities.

4.2 Other considerations in the establishment of goals include:

- Mature and "sun-setting" programs
- The impact of sole or single sources
- Customer directed sourcing restrictions
- Order release timing
- Shifts and diversification of base to new or emerging customers (e.g. civilian agency work, state, and local and commercial markets)
- Funding deferments and/or cuts
- Program/contract scope changes or delays

4.3 The SBLO should evaluate supplier diversity commitments by program as appropriate to their unique business structure. The SBLO should:

- Request a GFY forecast by program reflecting forecasted purchasing from the Program Director or cognizant leadership;
- Request supporting documentation or justifications for major shifts in small business either positive or negative.

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5.0 Finalizing Goals

5.1 Final subcontracting goals should reflect maximum practicable subcontracting opportunity to small business, small disadvantaged business, women-owned small business, HUBZone small business, veteran-owned small business, and service disabled veteran-owned small business subcontractors and be deemed fair and reasonable based on available data and information at the time of the forecasting activity.

5.1.1 Goals should be reflective of reasonable small business participation on the available subcontracting base once the considerations and exclusions in this procedure are evaluated.

5.1.2 The indirect base is calculated as an adder to the subcontracting base.

5.1.3 Enterprise Operations supplier diversity goals will be based on projections from historic spend, budget opportunity, and new projects as this entity's spend is not direct customer spend. Corporate overhead costs will be allocated to business areas, business units and contracts based on the percentage of spend for the business area, business unit or contract to the total corporate spend.

5.2 The SBLO is responsible to review the consolidated input for reasonableness.

5.2.1 The SBLO is responsible to understand and justify the forecast and the rationale for each small business goal forecasted (e.g., new wins, directed sources, etc.)

5.2.2 The SBLO must provide a narrative justification of the Business Area goals at the time the goals are submitted to Corporate Supplier Diversity which should include the considerations and exclusions in the goal establishment process as described in this procedure.

6.0 Approvals

6.1 The SBLO must obtain concurrence on the forecasted goals from the Business Area Vice President, Global Supply Chain Management or designee prior to final submission. This concurrence may be documented either formally in writing from executive leadership or via meeting minutes.

7.0 Monitoring Performance to Goals

7.0.1 SBLOs and Corporate Supplier Diversity shall monitor performance to goals.

7.0.2 SBLOs will promptly notify the Corporate Director Supplier Diversity of any significant performance problems or risks to achieving annual goals.

7.0.3 SBLOs shall submit program recovery plans to the Corporate Director Supplier Diversity that establish corrective actions for any subcontracting goals or initiatives (e.g. Mentor Protégé goals) that are not being met. These recovery plans are based on government

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fiscal year quarterly performance. Recovery plans are due within 10 business days after submittal of quarterly data.

8.0 Deviations

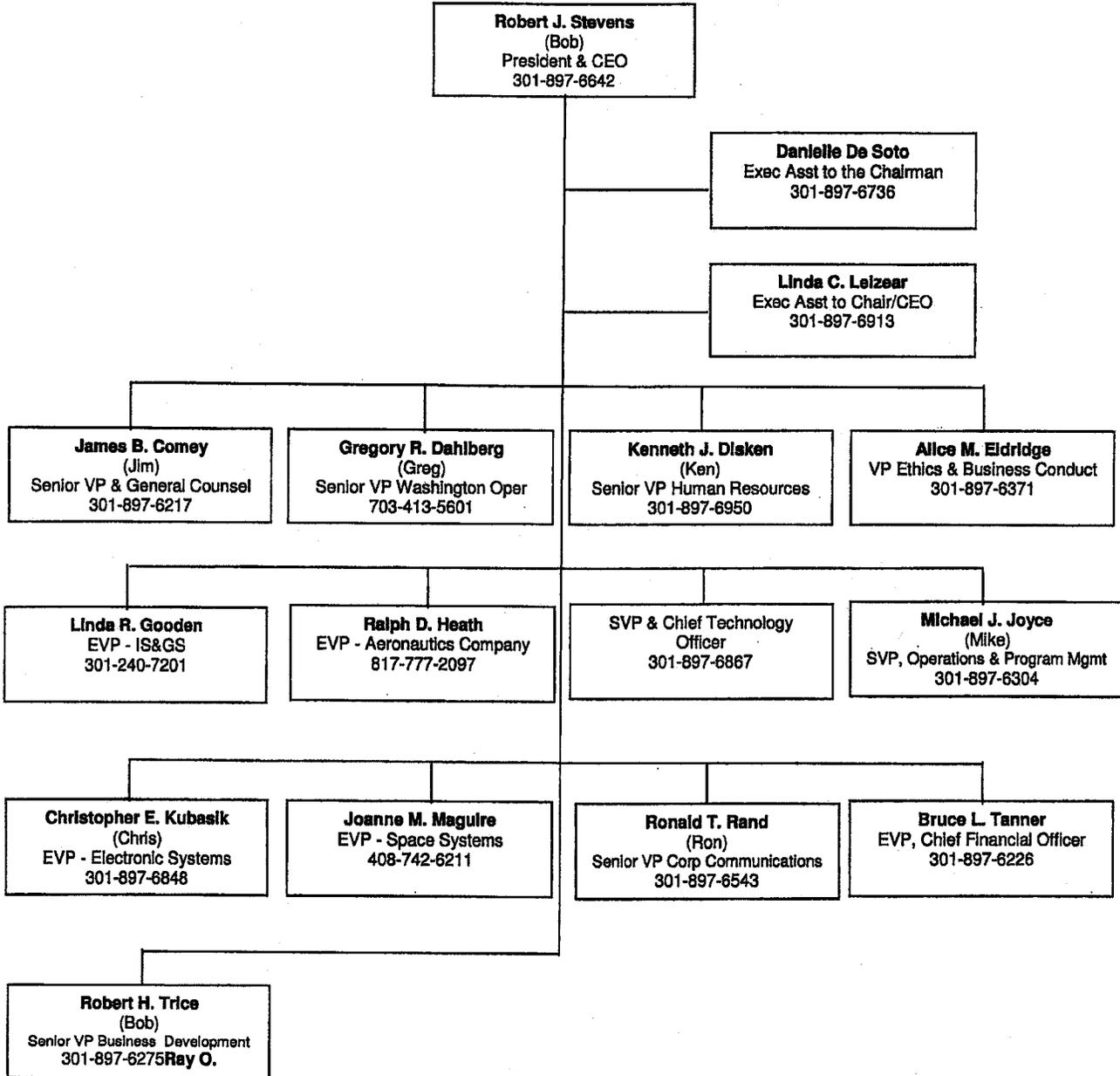
Any deviation from this policy requires the prior approval of the Vice President Global Supply Chain Management or designee.

//s// Maurice J. Delorey
Vice President Global Supply Chain Management

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EXHIBIT 4
Corporate Organization Chart



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EXHIBIT 5
Corporate Operations & Program Management Organization Chart

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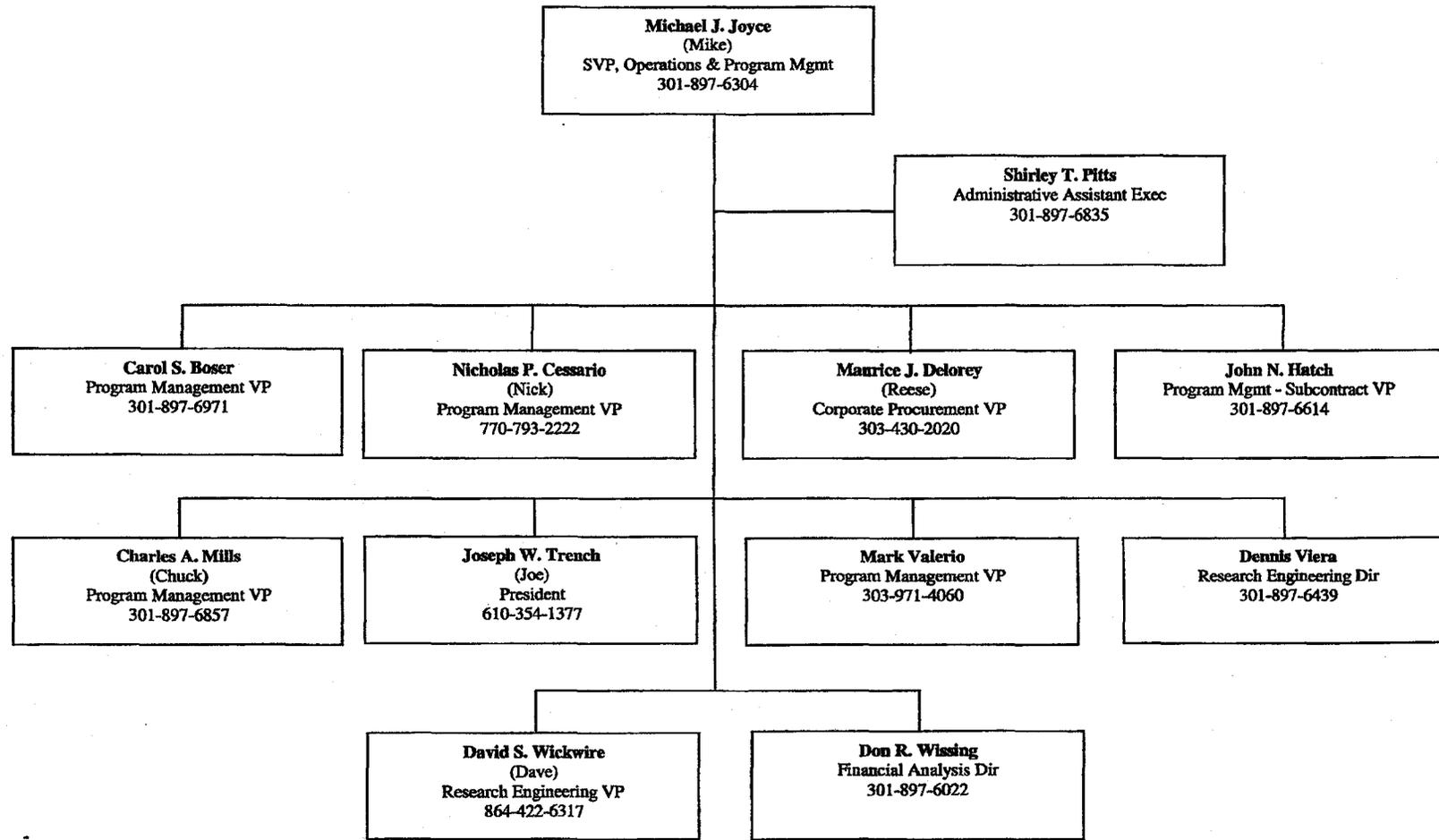
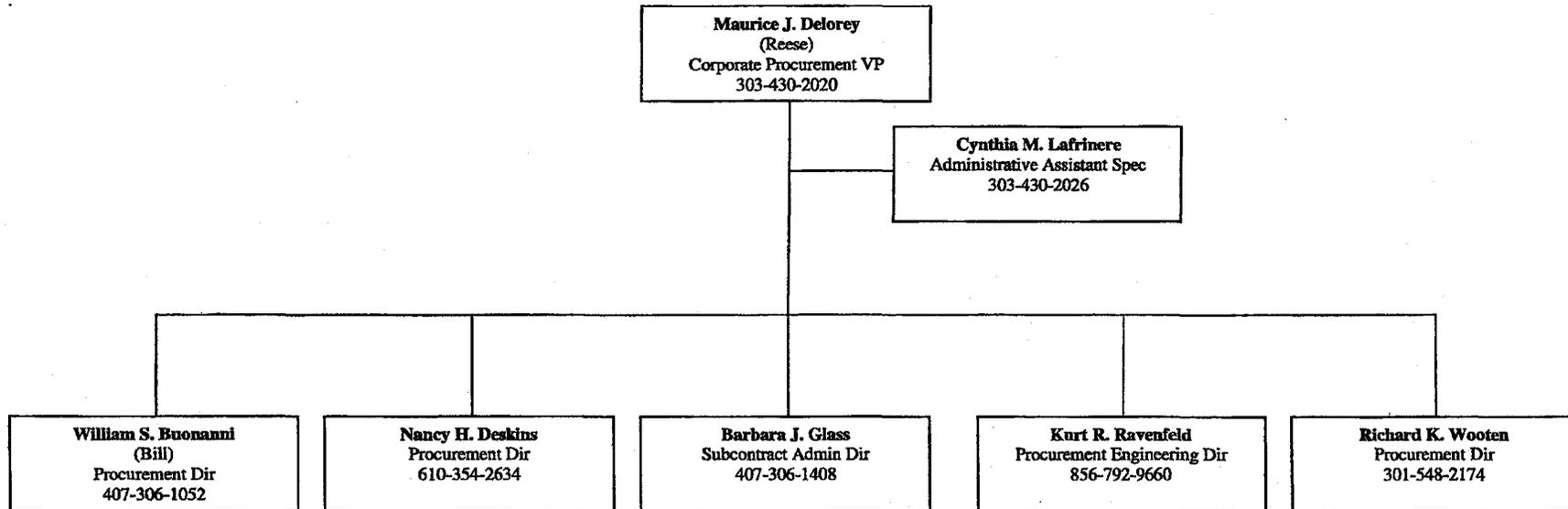


EXHIBIT 6
Global Supply Chain Management Organization Chart

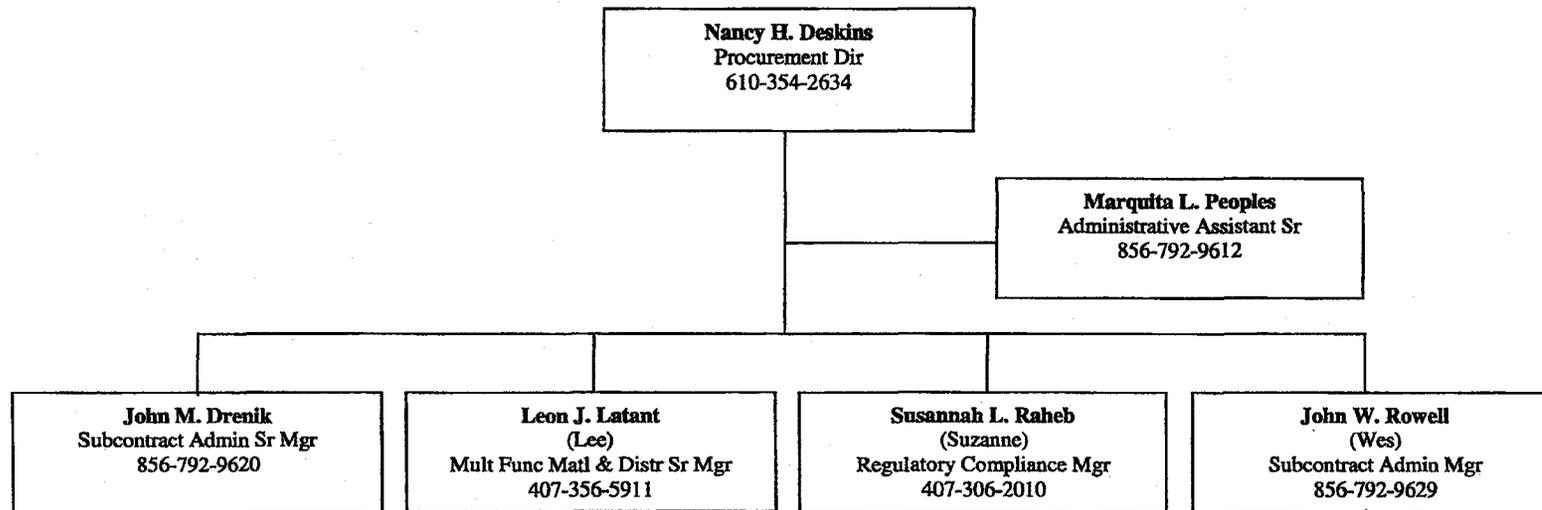
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EXHIBIT 7
Corporate Supplier Diversity Organization Chart



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EXHIBIT 8
Corporate Historical Subcontracting History

Subcontracting Past Performance - DoD Only							
CORPORATE	TOTAL	SD	SDV	WOSB	HUBZone	VOSB	SDVOSB
(b)(4)							
AERONAUTICS							
(b)(4)							
ELECTRONIC SYSTEMS							
(b)(4)							
ISSCS							
(b)(4)							
SPACE SYSTEMS							
(b)(4)							

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EXHIBIT 9
FY 2010 Subcontracting Projections by Business Area (DoD Only)

FY 10 Subcontracting Goals							
TOTAL	SB	SDB	WOSB	HUBZone	VOSB	SDVOSB	
(b)(4)							

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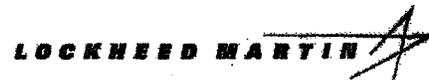


EXHIBIT 10
Supplier Diversity Network/Organization Listing

Nancy H. Deskins, Director of Supplier Diversity

BUSINESS			
Emily R. Mann Business Area Lead	Enterprise Operations Denver, CO	emily.r.mann@lmco.com	720-842-6119
AERONAUTICS			
Jim Tankley Business Area Lead	LM Aeronautics, Fort Worth, TX	jim.j.tankley@lmco.com	817-762-1633
Dorothy James-McAllister	LM Aeronautics, Fort Worth, TX	dorothy.james-mcallister@lmco.com	817-777-1757
Bob Brunett	LM Aeronautics, Fort Worth, TX	bob.a.brunett@lmco.com	817-655-6072
Sharon Dougherty	LM Aeronautics, Fort Worth, TX	sharon.w.dougherty@lmco.com	817-655-7924
Mershelle Davis	LM Aeronautics, Fort Worth, TX	mershelle.r.davis@lmco.com	817-762-1385
Ken Hilderbrand	LM Aeronautics, Marietta, GA	ken.w.hilderbrand@lmco.com	770-494-7235
Vanessa Bull	LM Aeronautics, Marietta, GA	vanessa.v.bull@lmco.com	770-494-7215
Dianna Salgado	LM Aeronautics, Palmdale, CA	dianna.salgado@lmco.com	661-572-6122
Rebecca Key	Global Supply Chain Services, Johnstown, PA	rebecca.a.key@lmco.com	814-262-4480
Lillie Bowens-Caldwell	Aircraft & Logistics Center, Greenville, SC	lillie.a.bowens@lmco.com	864-299-7429
ELECTRONICS			
Elaine Mayfield Business Area Lead	LMC, Moorestown, NJ	elaine.mayfield@lmco.com	856-787-3175
Teresa Torres	LM MS2 - Material Acquisition Ctr., Mid-Atlantic Region (MAC-MAR) Moorestown, NJ	teresa.torres@lmco.com	609-326-4974
Shawn Landers	LM MS2 - Material Acquisition Ctr., Mid-Atlantic Region (MAC-MAR) Moorestown, NJ	shawn.landers@lmco.com	856-914-6923
Juanita Hoke	LM MS2 - Material Acquisition Ctr., Mid-Atlantic Region (MAC-MAR) Moorestown, NJ	juanita.w.hoke@lmco.com	609-326-4975
Joan Wiggen	LM MS2 - Tactical Systems - Egan, MN	joan.l.wiggen@lmco.com	651-456-2356
Nancy Johnson	LM MS2 - Defense & Surveillance Systems (DSS), Akron, OH	nancy.johnson@lmco.com	330-796-1287
Robyn Snyder	LM MS2 - Undersea Systems, Manassas, VA	robyn.h.snyder@lmco.com	703-367-6313
William (Thad) Hudson	MS2 Integrated Defense Technologies, Baltimore, MD	william.t.hudson@lmco.com	410-682-0818
Melissa Scarpicchia	LM Systems Integration-Owego, Owego, NY	melissa.scarpicchia@lmco.com	607-658-4029
Sheila Stroppe	LM Systems Integration-Owego, Owego, NY	sheila.stroppe@lmco.com	607-751-6438
Phyllis Grant	LM Simulation, Training & Support, Orlando, FL	phyllis.grant@lmco.com	407-306-6904
Leola (Lee) Williams	LM Missiles & Fire Control, South East Material Acquisition Center (SEMAC), Orlando, FL	leola.m.williams@lmco.com	407-356-4682
Connie Winters	LM Missiles & Fire Control, Dallas, TX	connie.winters@lmco.com	972-603-1019
Greg Terpak	LM Missiles & Fire Control, Archbald, PA	gregory.l.terpak@lmco.com	570-803-2336
Don Devoti	Sandia National Laboratories, Albuquerque, NM (www.sandia.gov/supplier)	ddevoti@sandia.gov	800-765-1678
INFORMATION SYSTEMS			
Regina C. Stout Business Area Lead	Mission & Combat Support Solutions - East, Philadelphia, PA	regina.c.stout@lmco.com	610-354-3151
Paula Jackson	Cherry Hill, NJ	paula.l.jackson@lmco.com	856-486-5157
Linda Flowers	Houston, TX	linda.flowers@lmco.com	281-853-2393
Nicole Green	Alexandria, VA	nicole.c.green@lmco.com	703-916-7328
Kiyaa Washington	Alexandria, VA	kiyaa.l.washington@lmco.com	703-916-9533
Lisa Rader	Fairfax, VA	lisa.rader@lmco.com	703-272-2637
Cheryl Dial	Colorado Springs, CO	cheryl.l.dial@lmco.com	719-277-4314
Melissa Norris	Rockville, MD	melissa.norris@lmco.com	301698-3383
Arlie LeBeaux	Washington, DC	arlie.e.lebeaux@lmco.com	202-646-2119
OFFICE			
Bob Thompson Business Area Lead	Sunnyvale, CA	bob.thompson@lmco.com	408-743-6665
Michael Chang	Sunnyvale, CA	michael.i.chang@lmco.com	408-742-4501
Betty L. Padilla	Denver, CO	betty.l.padilla@lmco.com	303-977-7131
John Cooke	Denver, CO	john.cooke@lmco.com	303-971-3953
Pat Roybal	Denver, CO	patrick.l.roybal@lmco.com	303-977-2592
Felecia Myers	Kings Bay, GA	felecia.f.myers@lmco.com	912-573-1809
Joe Puziano	Hartlingen Operations, Hartlingen, TX	joel.puziano@lmco.com	956-430-7708
Debra Houchin	Mitochond Operations, New Orleans, LA	debra.j.houchin@lmco.com	504-257-1651
Jim Wall	LM Commercial Space Systems, Newtown, PA	james.l.wall@lmco.com	215-497-4070

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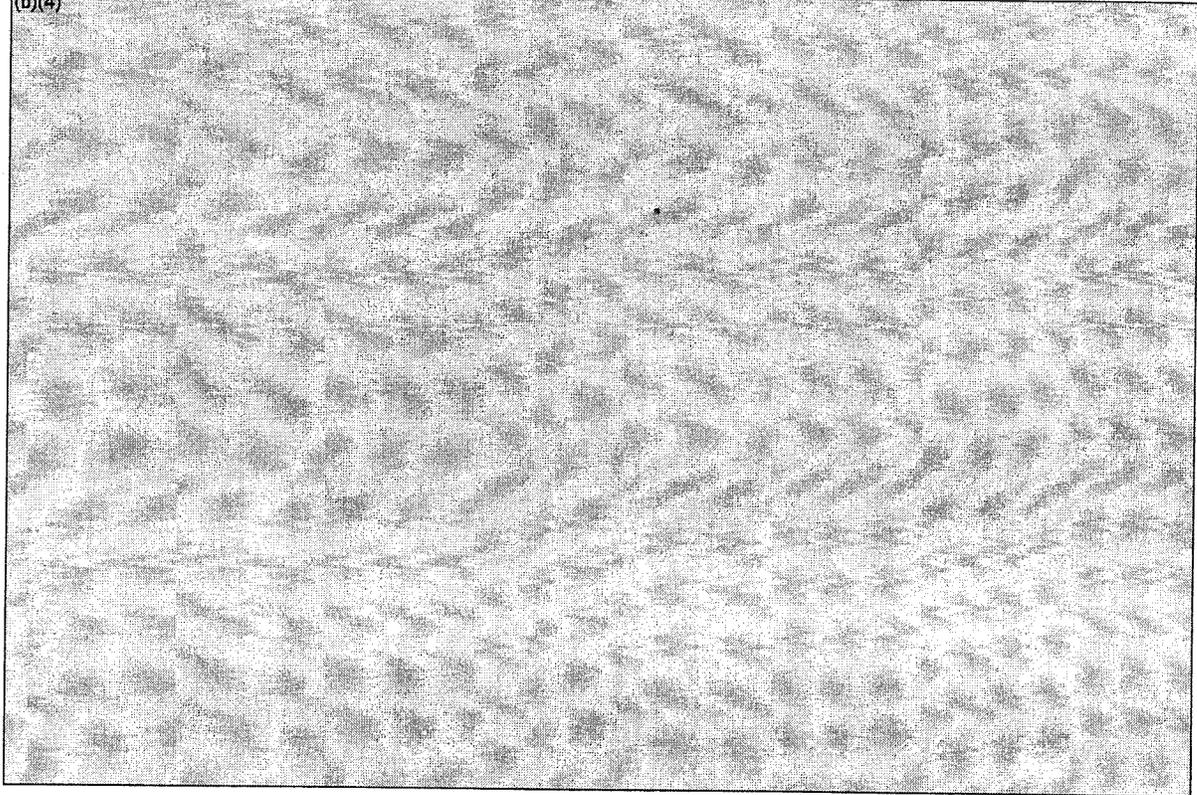
EXHIBIT 11
Key Milestones

KEY MILESTONES	Q1	Q2	Q3	Q4	FY 10	FY 11
COMMITMENT & RESOLUTION						
Supplier Diversity Committee Letter to VP						
Supplier Diversity Committee Letter to Business						
Supplier Diversity Committee (NOV 10/09)						
COMMUNICATIONS						
External						
Supplier Diversity Website						
Supplier Diversity Website						
Supplier Diversity Information Sessions						
Internal						
Supplier Diversity Update Plans						
Supplier Diversity Outreach						
Supplier Diversity SBL Outreach						
Supplier Diversity All Hands Meeting						
Supplier Diversity Outreach Team Meetings						
INITIATIVES AND PROGRESS MANAGEMENT						
Business System Plan						
Supplier Diversity Progress Reports						
Monthly Operating Reports						
TRAINING AND DEVELOPMENT						
Supplier Diversity Training Programs						
Supplier Diversity Training Program Procurement						
TWO IN ONE STRATEGIC ACTIONS						
Supplier Assessment and Selection						
Supplier Development						
Supplier Field and Award						

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EXHIBIT 12

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Appendix 1

GLOSSARY OF DEFINITIONS & ACRONYMS

Alaska Native Corporation (ANC) Any Regional Corporation, Village Corporation, Urban Corporation, or Group Corporation organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act, as amended (43 U.S.C. 1601, et seq.) and which is considered a minority and economically disadvantaged concern under the criteria at 43 U.S.C. 1626(e)(1). This definition also includes ANC direct and indirect subsidiary corporations, joint ventures, and partnerships that meet the requirements of 43 U.S.C. 1626(e)(2).

Affiliates: Business concerns, organizations, or individuals are affiliates of each other if, directly or indirectly, (1) either one controls or has the power to control the other, or (2) a third party controls or has the power to control both. Indicia of control include, but are not limited to, interlocking management or ownership, identity of interests among family members, shared facilities and equipment, common use of employees, or a business entity organized following the debarment, suspension, or proposed debarment of a contractor which has the same or similar management, ownership, or principal employees as the contractor that was debarred, suspended, or proposed for debarment.

Annual Receipts: Gross income of a concern and its domestic and foreign affiliates from sales of products and services and/or interest, rent, fees, and commissions from whatever other source derived for its most recently completed fiscal year, less returns, allowances, sales of fixed assets, and inter-affiliate transactions.

Average Annual Receipts: For the purpose of size standards, annual receipts averaged over three continuous years. For a concern in business less than three years, they are computed by determining average weekly receipts for the period in which it has been in business, multiplying by 52.

Company Percentage Goals: Are structured using all purchased materials and services whether direct or indirect in nature. Such goals are calculated and apportioned to operating organizations on an annual basis by the Corporate Liaison Officer and have no bearing on a specific customer contract.

Concern Any business entity organized for profit (even if its ownership is in the hands of a nonprofit entity) with a place of business located in the United States or its outlying areas and that makes a significant contribution to the U.S. economy through payment of taxes and/or use of American products, material and/or labor, etc. "Concern" includes but is not limited to an individual, partnership, corporation, joint venture, association, or cooperative

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Contractual Percentage Goals: Are structured using only identifiable materials and services, which are chargeable directly to a specific customer contract or higher-tier subcontract. Normally, contractual goals represent a smaller percentage than Company goals because calculations exclude indirect materials, capital items, and inventoried materials.

Controlled: Exercising the power to make policy decisions.

Disadvantaged: A small, domestic concern which, including domestic and foreign divisions, subsidiaries, and affiliates, is at least 51 per cent owned by one or more socially and economically disadvantaged individuals; or in the case of a publicly-owned business, at least 51 percent of the stock is owned by one or more such individuals, and whose management and daily business operations are controlled by one or more such individuals. Socially and economically disadvantaged individuals include Black Americans who are U.S. citizens; Hispanic Americans who are U.S. citizens and whose ancestry and culture are rooted in South America, Central America, Mexico, Cuba, the Dominican Republic, Puerto Rico, Spain or Portugal; Native Americans i.e. American Indians, Eskimos, Aleuts or Native Hawaiians; Asian Pacific Americans who are U.S. citizens whose origins are from Japan, China, The Philippines, Vietnam, Korea, Samoa, Guam, U.S. Trust Territory or the Pacific Islands, Northern Mariana Islands, Laos, Cambodia, or Taiwan; Subcontinent Asian Americans (formerly Asian Indian Americans) who are U.S. citizens whose origins are from India, Pakistan, Bangladesh, or Sri-Lanka; and any other individual/concern currently certified for participation in the Section 8 (a) Small Business Administration Program.

Electronic Subcontracting Reporting System (eSRS) The Governmentwide, electronic, web-based system for small business subcontracting program reporting. The eSRS is located at <http://www.esrs.gov>.

Foreign: Any concern whose principal base of operation is located outside the 50 United States, its territories and possessions.

Historically Black Colleges and Universities (HBCU): Institutions determined by the Secretary of Education to meet the requirements of 34 Code of Federal Regulations (CFR) Section 608.2. Must be a college or university established for black education and not as a result of changing demographics.

Historically Underutilized Business Zones (HUBZone) Small businesses certified in Central Contractor Registration (CCR) as meeting the requirements defined in the HUBZone Act of 1997.

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Indian tribe Any Indian tribe, band, group, pueblo, or community, including native villages and native groups (including corporations organized by Kenai, Juneau, Sitka, and Kodiak) as defined in the Alaska Native Claims Settlement Act (43 U.S.C.A. 1601 et seq.), that is recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs in accordance with 25 U.S.C. 1452(c). This definition also includes Indian-owned economic enterprises that meet the requirements of 25 U.S.C. 1452(e).

Large: Any business concerns not categorized as "Small" in 13 CFR Section 121, Small Business Size Standards.

Minority Institutions (MIs): Institutions meeting the requirements of 34 CFR Section 607.2. This also includes any non-profit research institution that was an integral part of an HBCU before 14 November 1986.

NAICS: North American Industrial Classification System

Non-Profit: Any organization not conducted or maintained for the purpose of making a profit. Included in this category are sheltered workshops, universities, colleges, and local, state, and Federal governments.

Operated: Actively involved in day-to-day management.

Service-disabled veteran-owned: (SDVOSB) A small, domestic concern, which, including domestic and foreign divisions, subsidiaries, and affiliates, is at least 51 percent owned, controlled, and operated by one or more service-disabled veterans. Or, in the case of any publicly owned business, not less than 51 percent of the stock is owned by one or more service-disabled veterans.

Small: A domestic firm, including its affiliates, that is independently owned and operated, is not dominant in its field, and has been categorized by the United States Small Business Administration as "Small" in accordance with 13 CFR Part 121, Small Business Size Standards.

Small Disadvantaged Business: (SDB) A small, domestic concern, which is at least 51 percent owned, controlled, and operated by one or more socially and economically disadvantaged individuals.

Subcontract: Any agreement entered into by a prime contractor or subcontractor for materials, supplies or services, other than personal in nature; required to support the performance of a U.S. Government contract.

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Supplier Diversity Advocate (SDA): The individual appointed by business unit supply chain management to provide overall guidance and support of Company supplier diversity efforts and compliance with socioeconomic program requirements in government contracting.

Tribal Colleges and Universities (TCU) - Tribal colleges are those institutions cited in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note), any other institution that qualifies for funding under the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.), and Dine' College, authorized in the Navajo Community College Assistance Act of 1978, Public Law 95-471, title II (25 U.S.C. 640a note).

Veteran-owned: A small business concern— (1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and (2) The management and daily business operations of which are controlled by one or more veterans.

Women-owned: A small business concern— (1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and (2) Whose management and daily business operations are controlled by one or more women.

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APPENDIX 2



Lockheed Martin Corporation
2010 Comprehensive Small Business Subcontracting Plan

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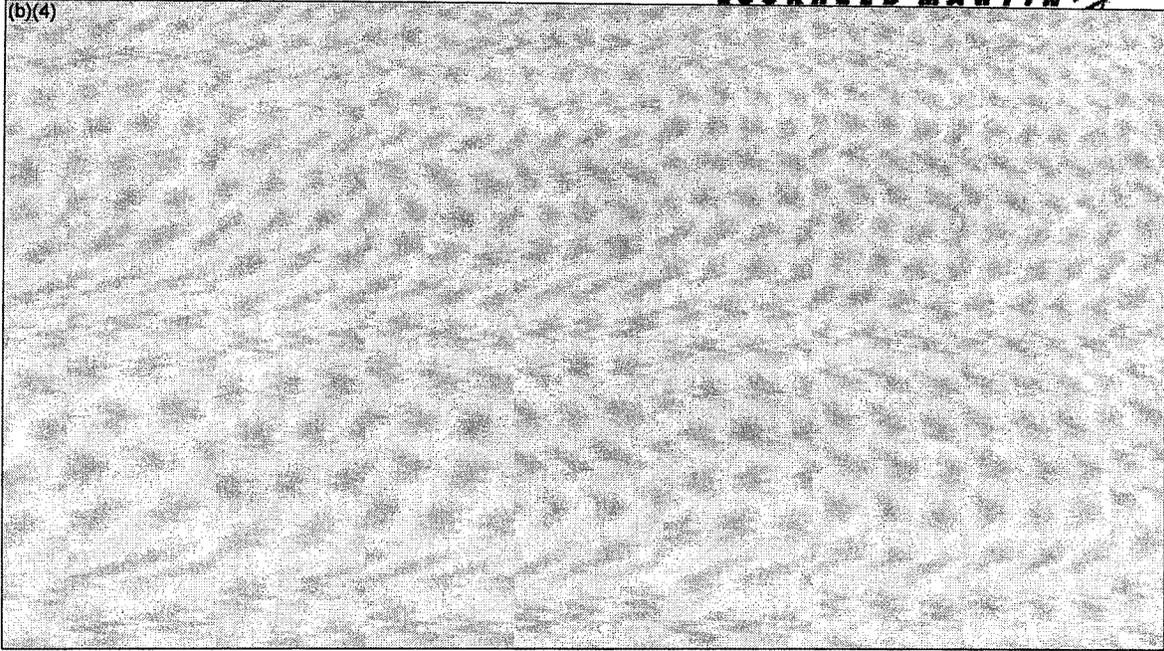
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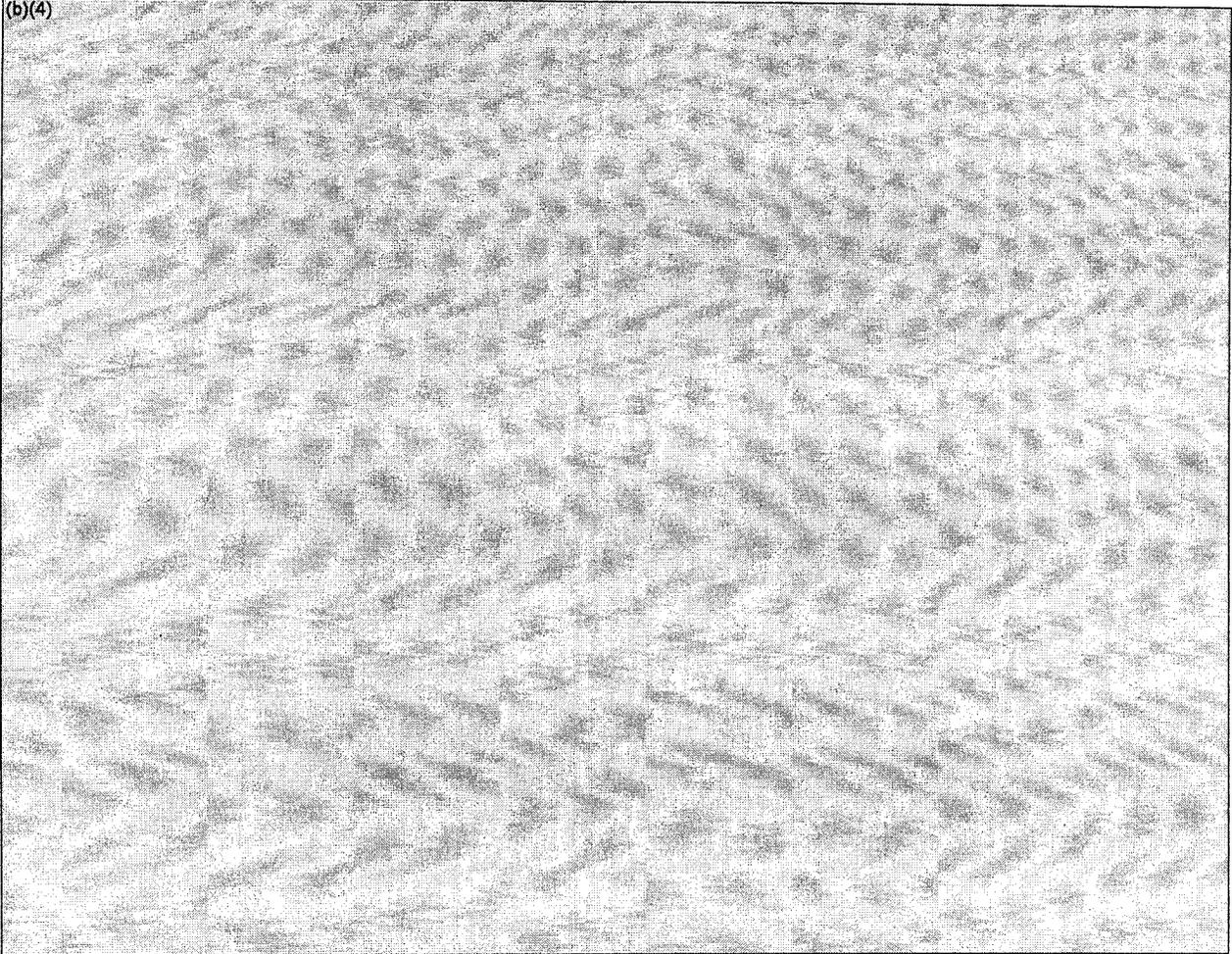
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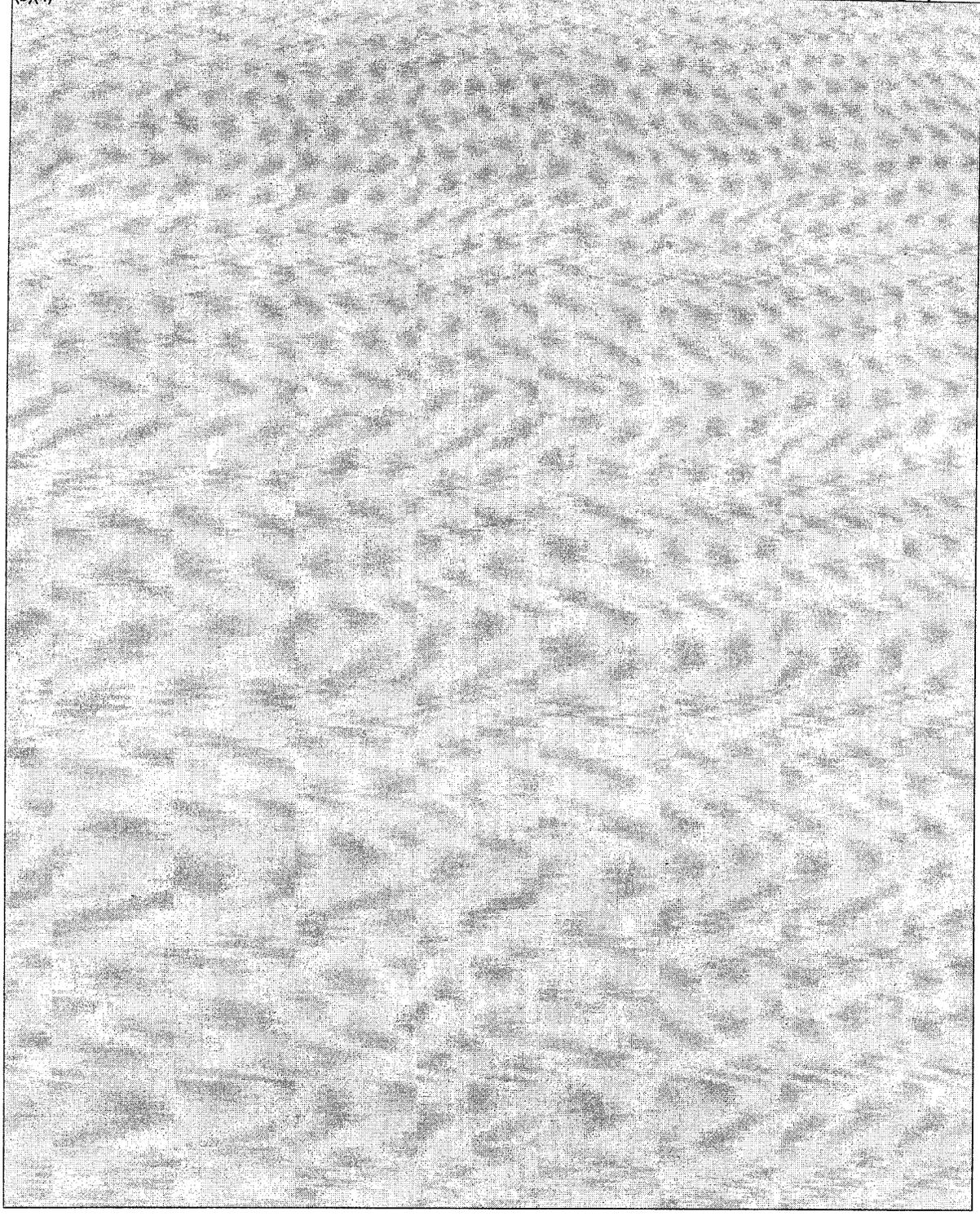
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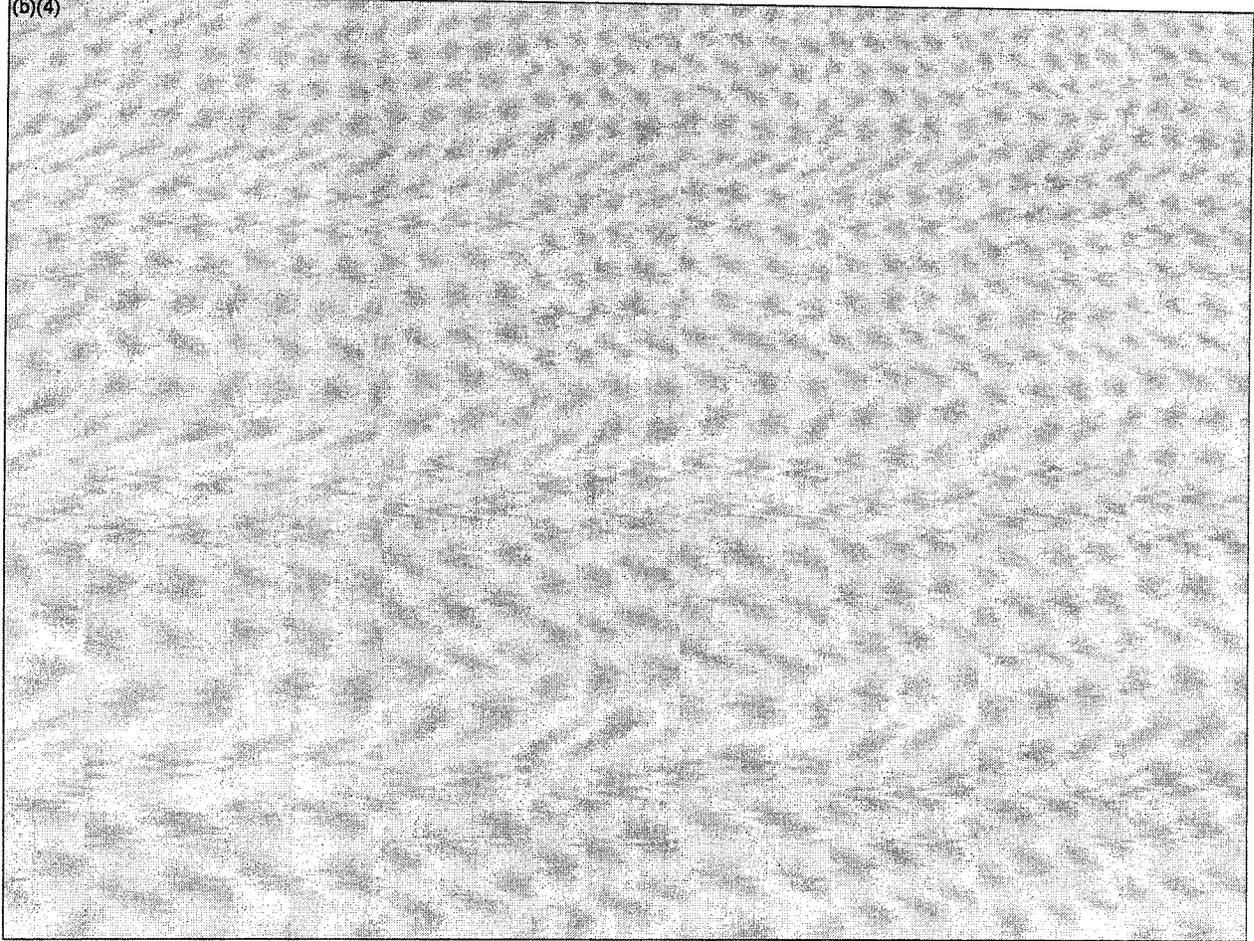
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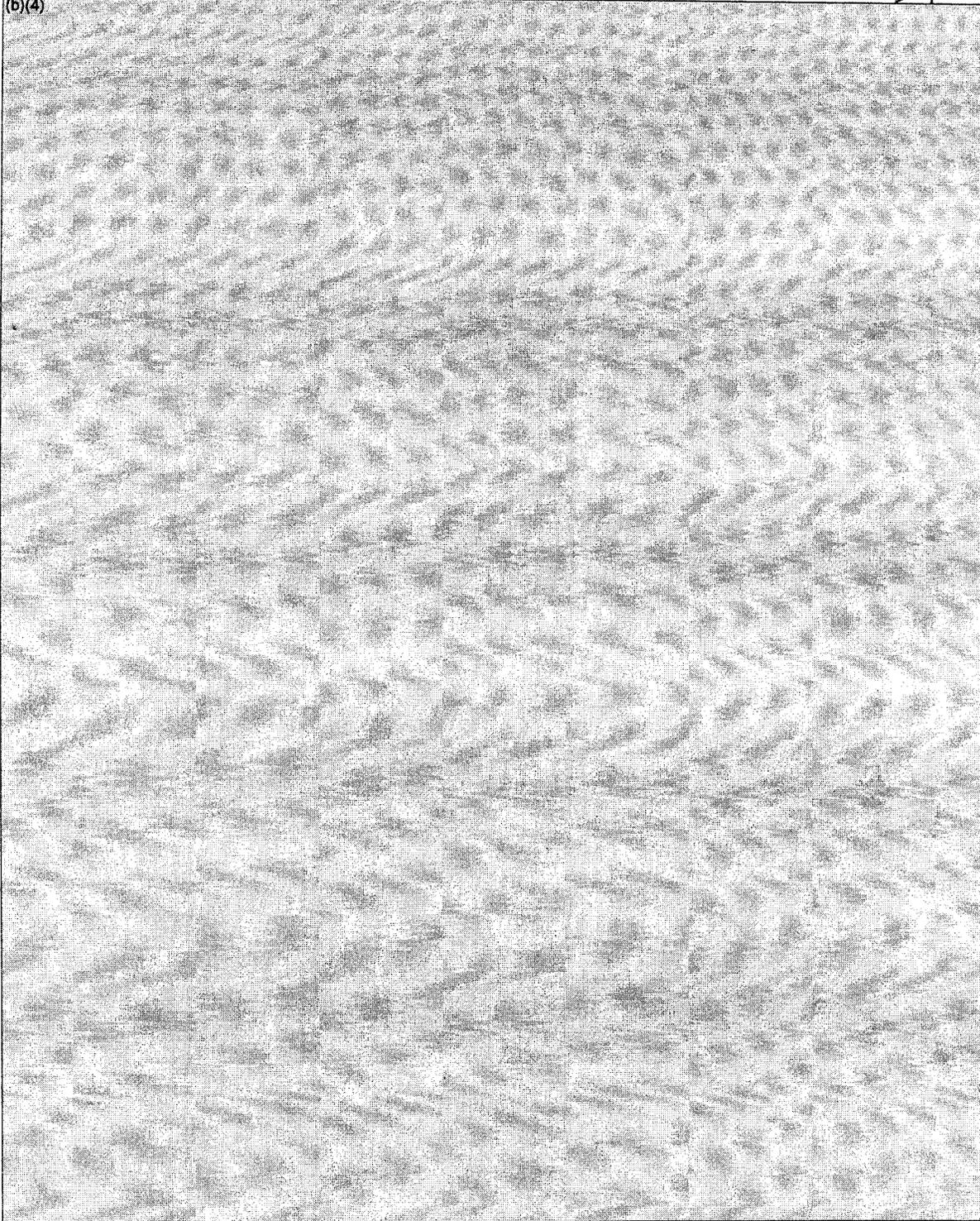


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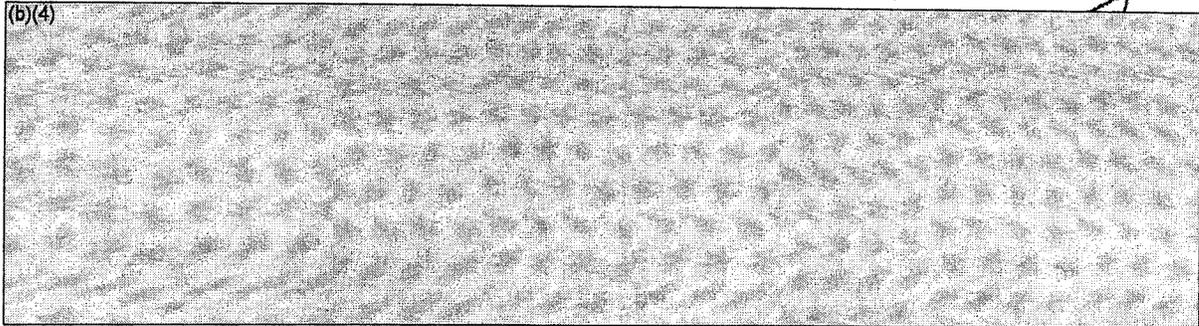
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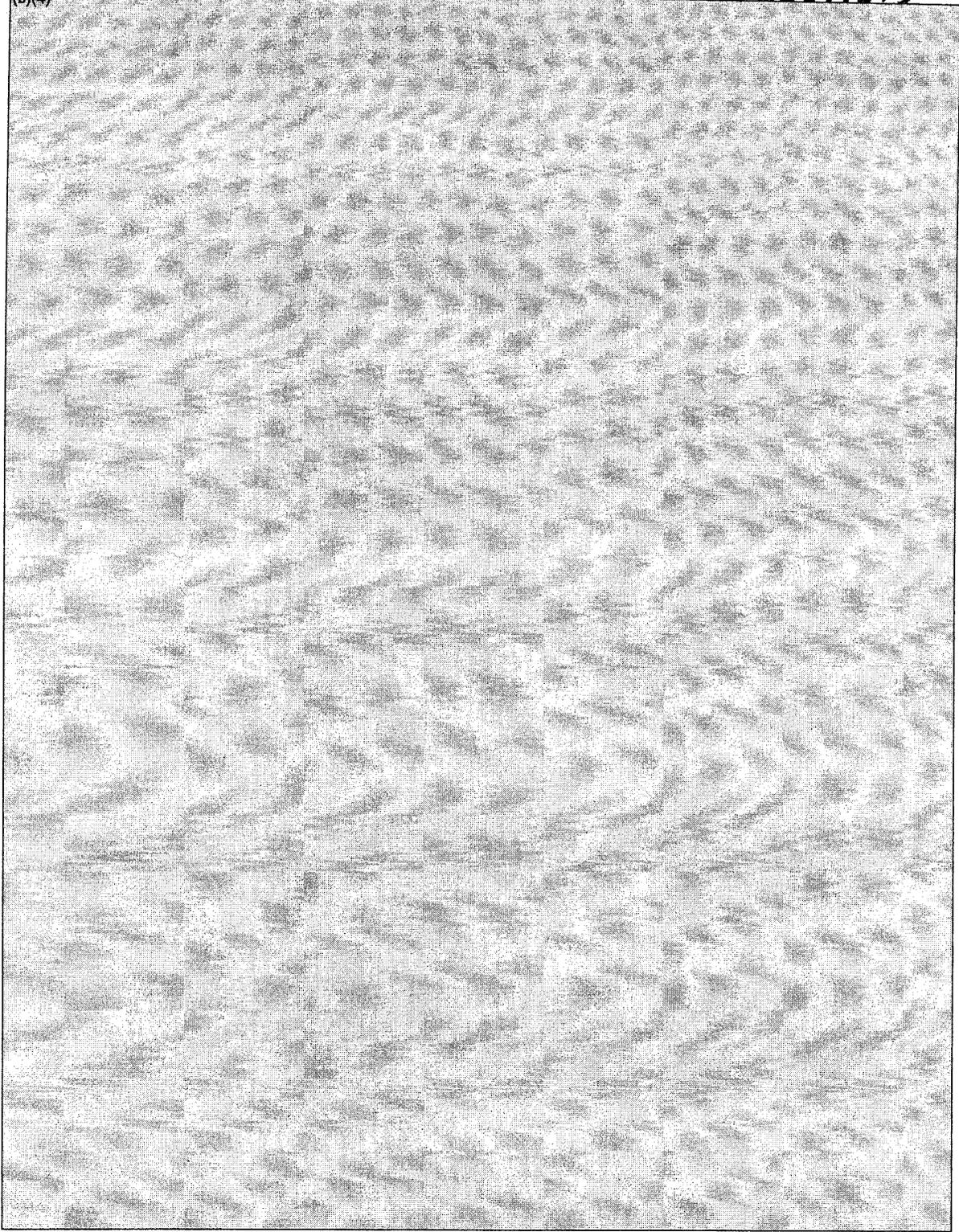
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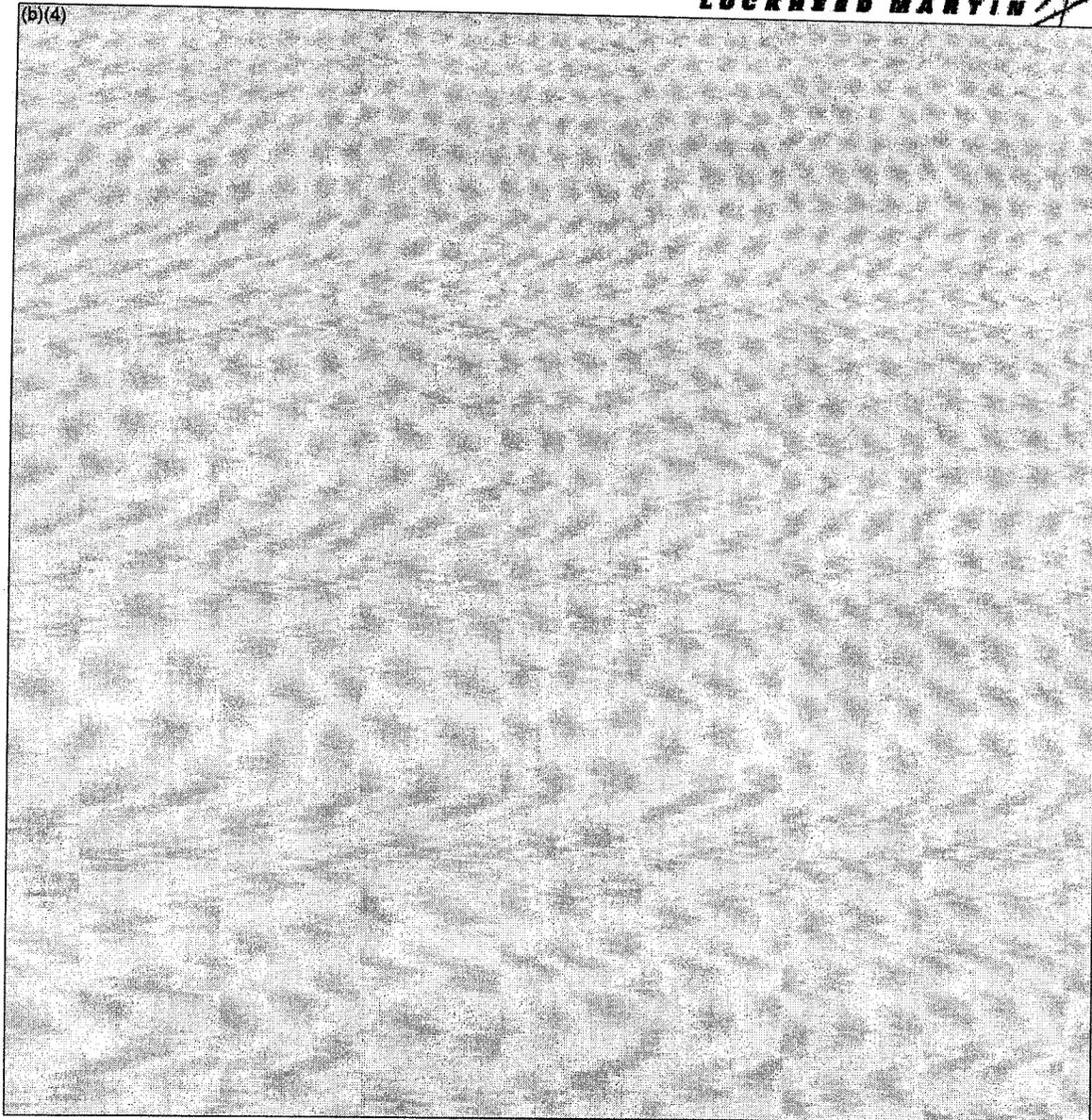
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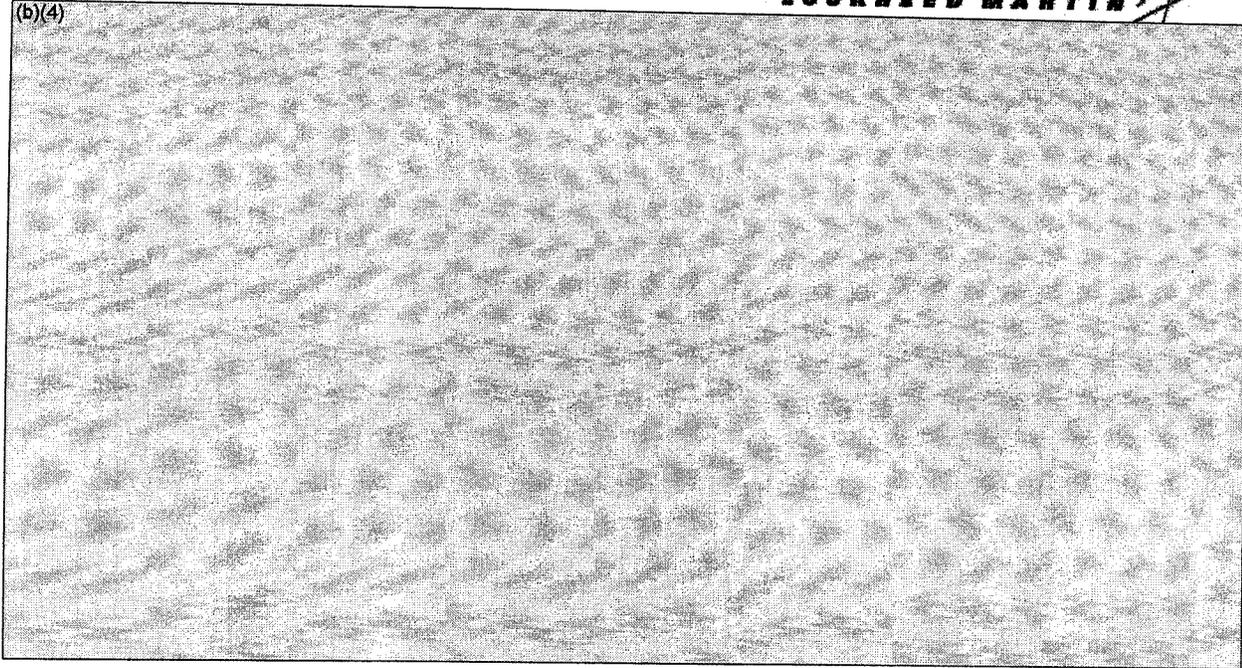


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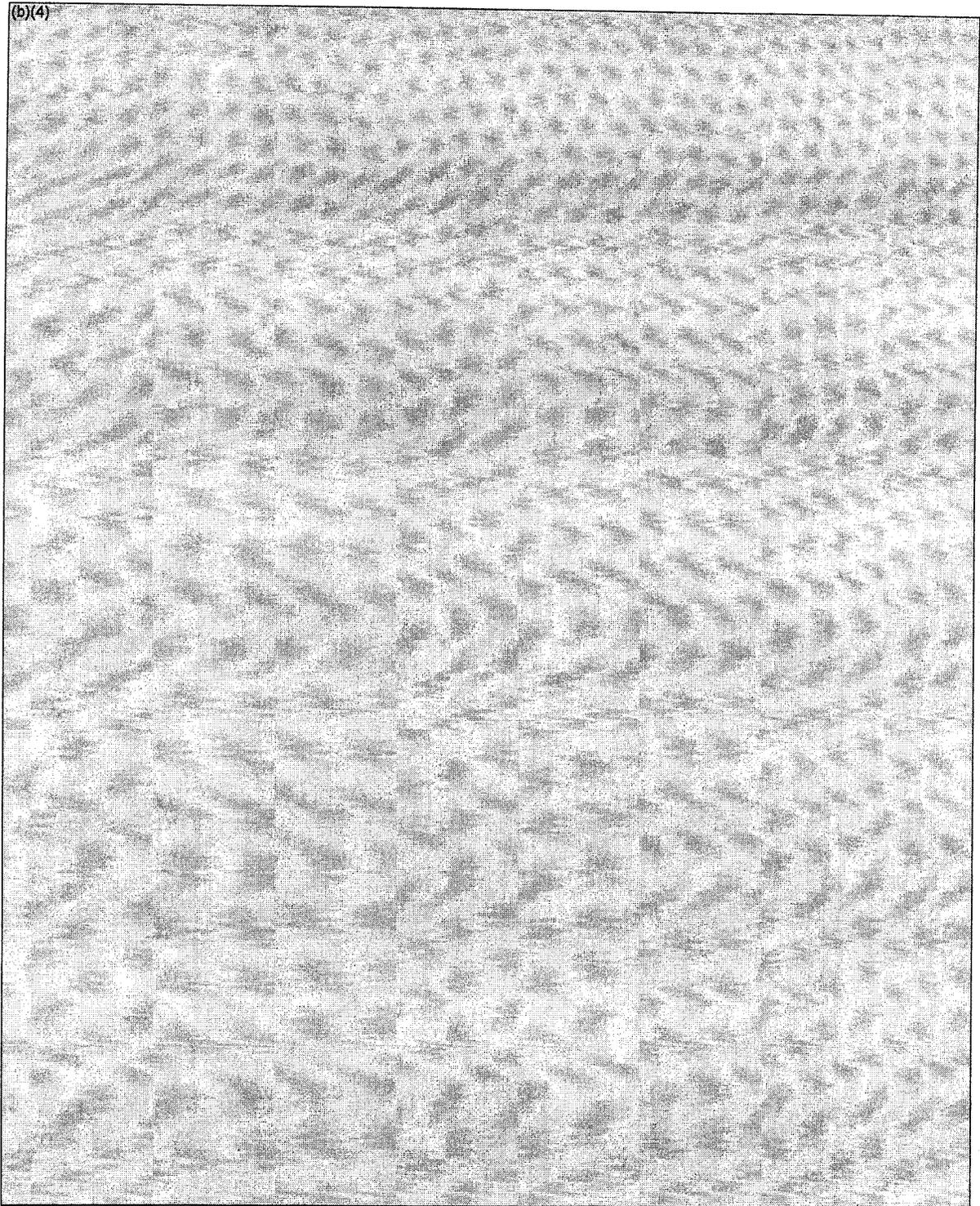
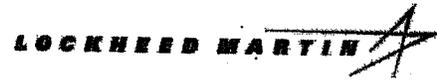
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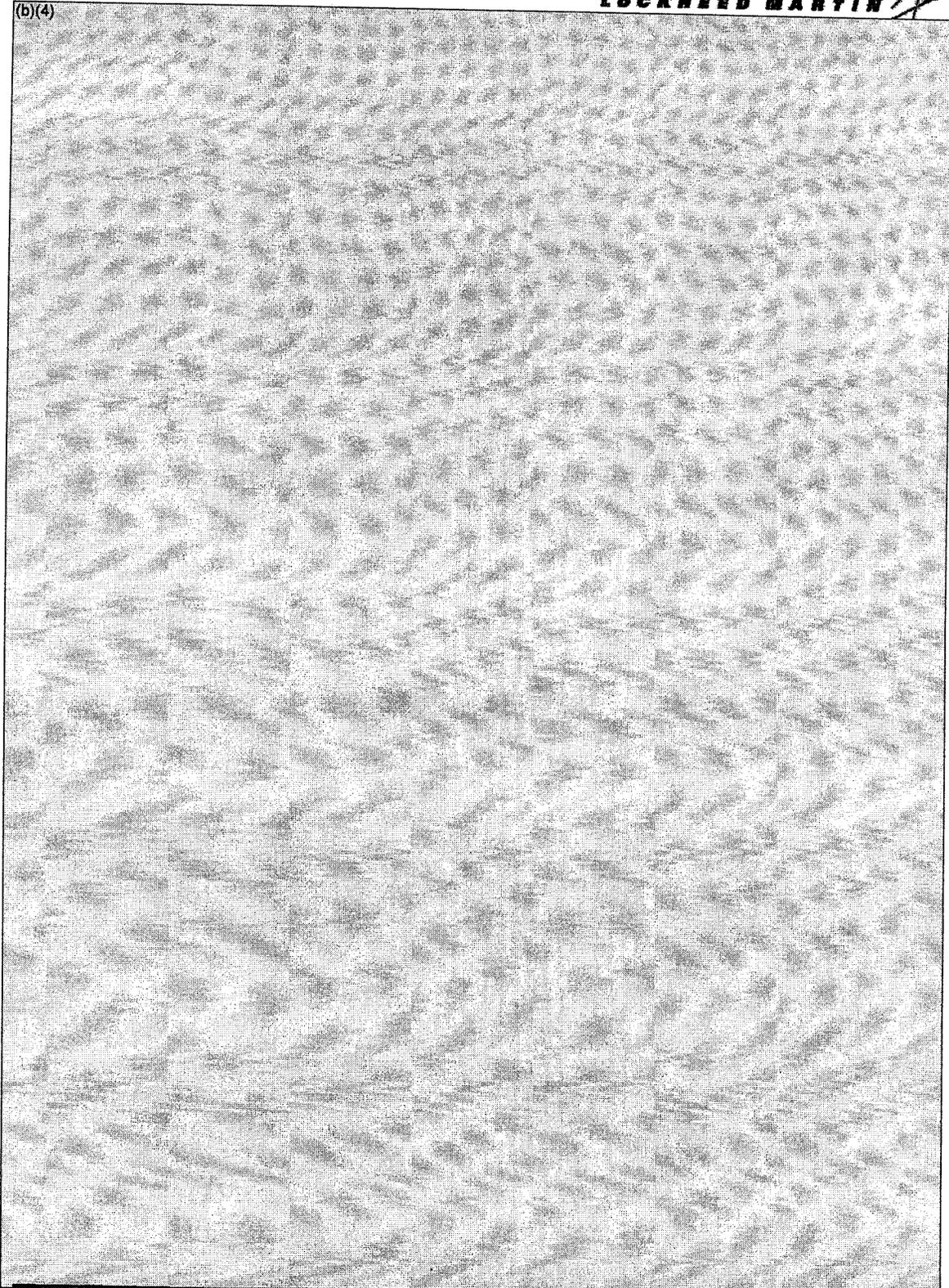
APPENDIX 2, EXHIBIT 1



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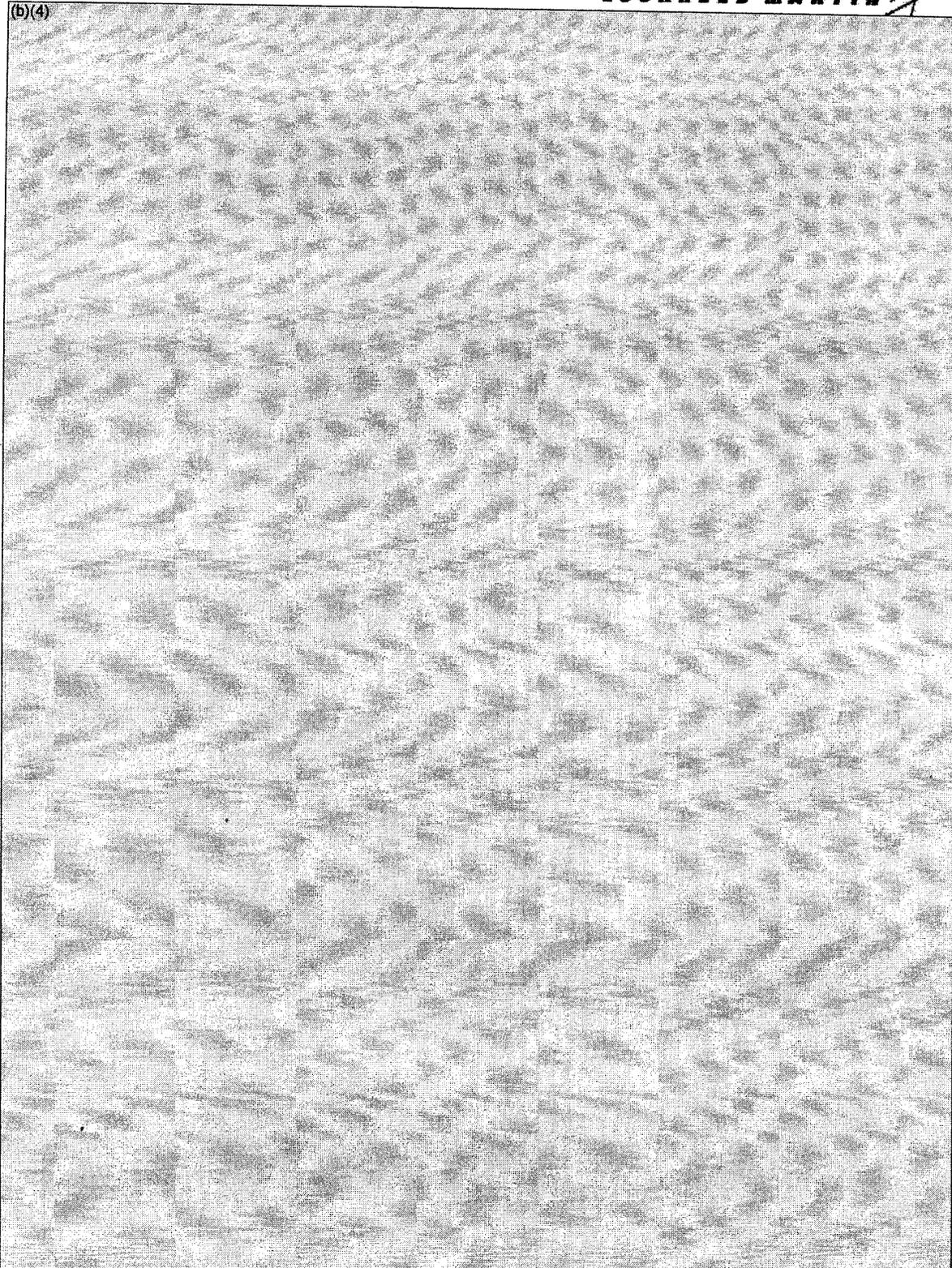
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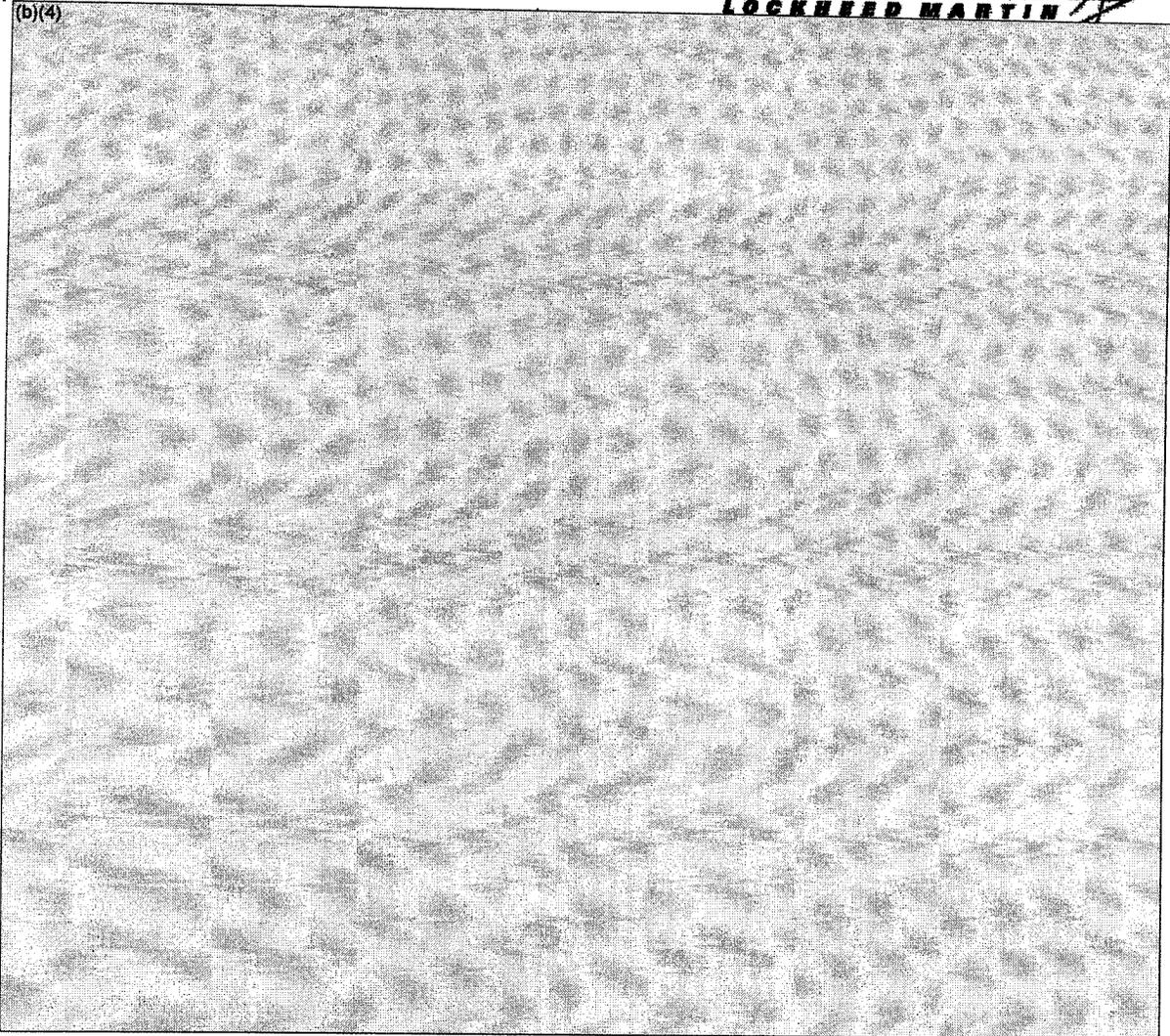
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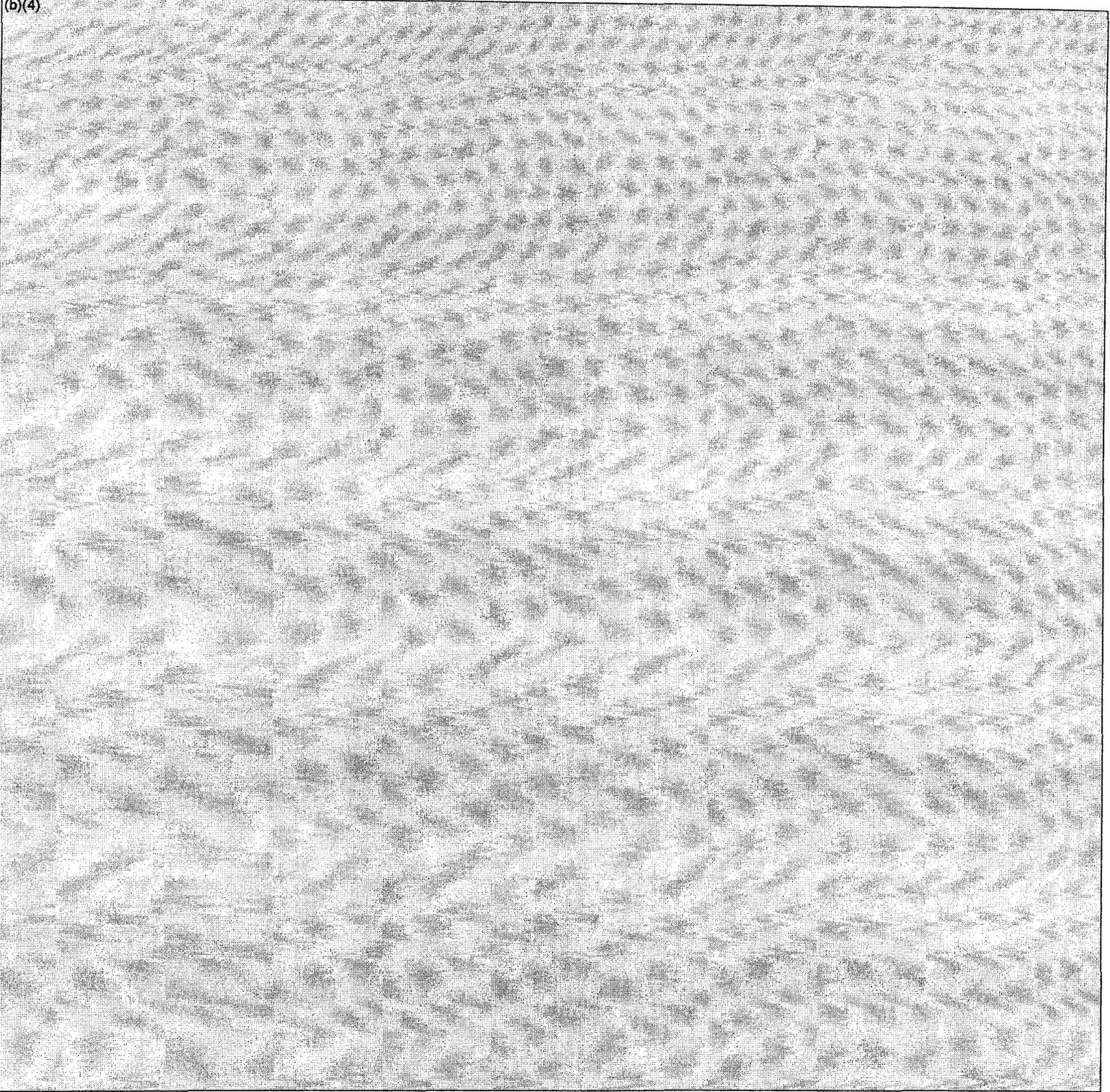


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APPENDIX 2, EXHIBIT 2

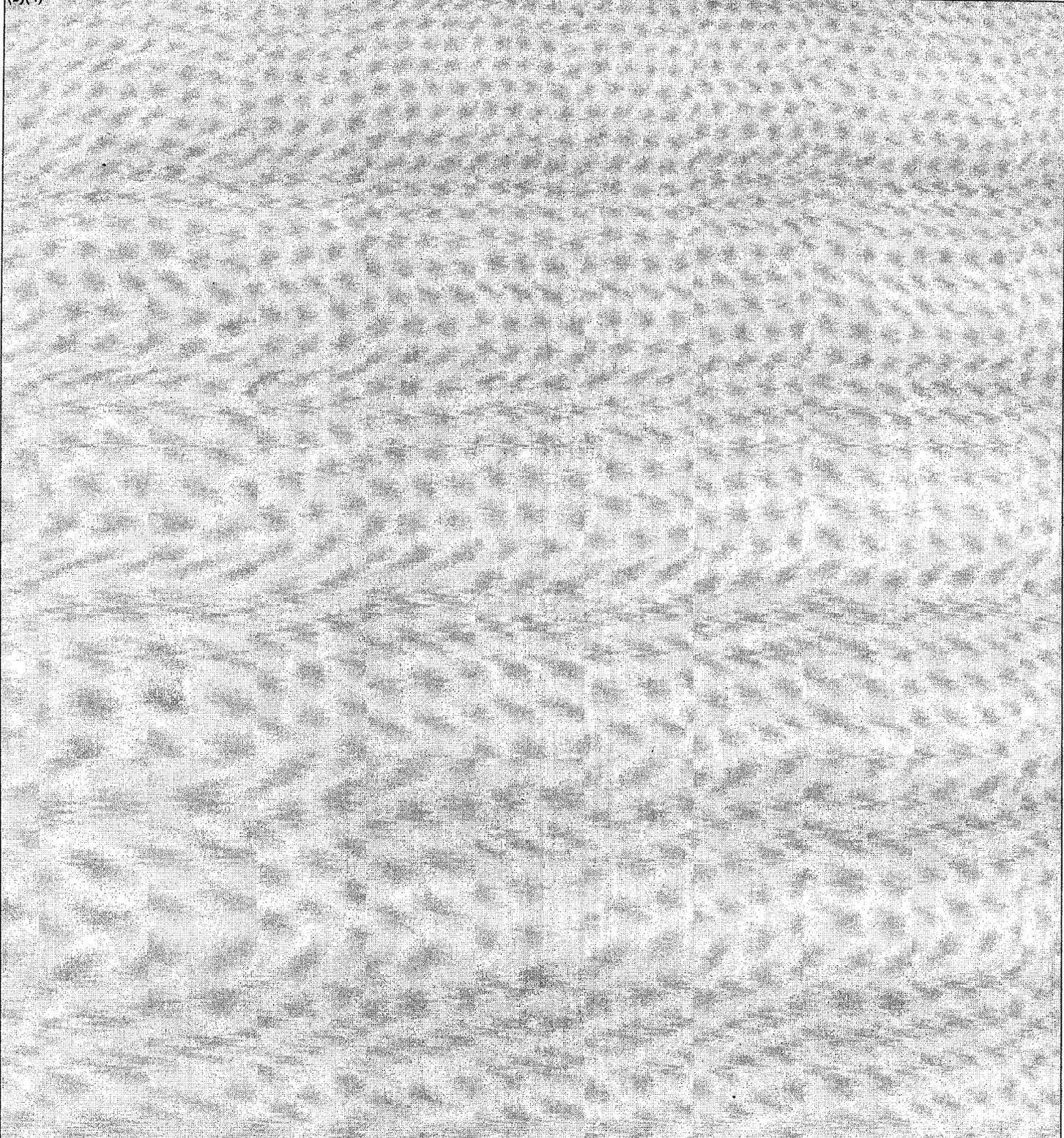
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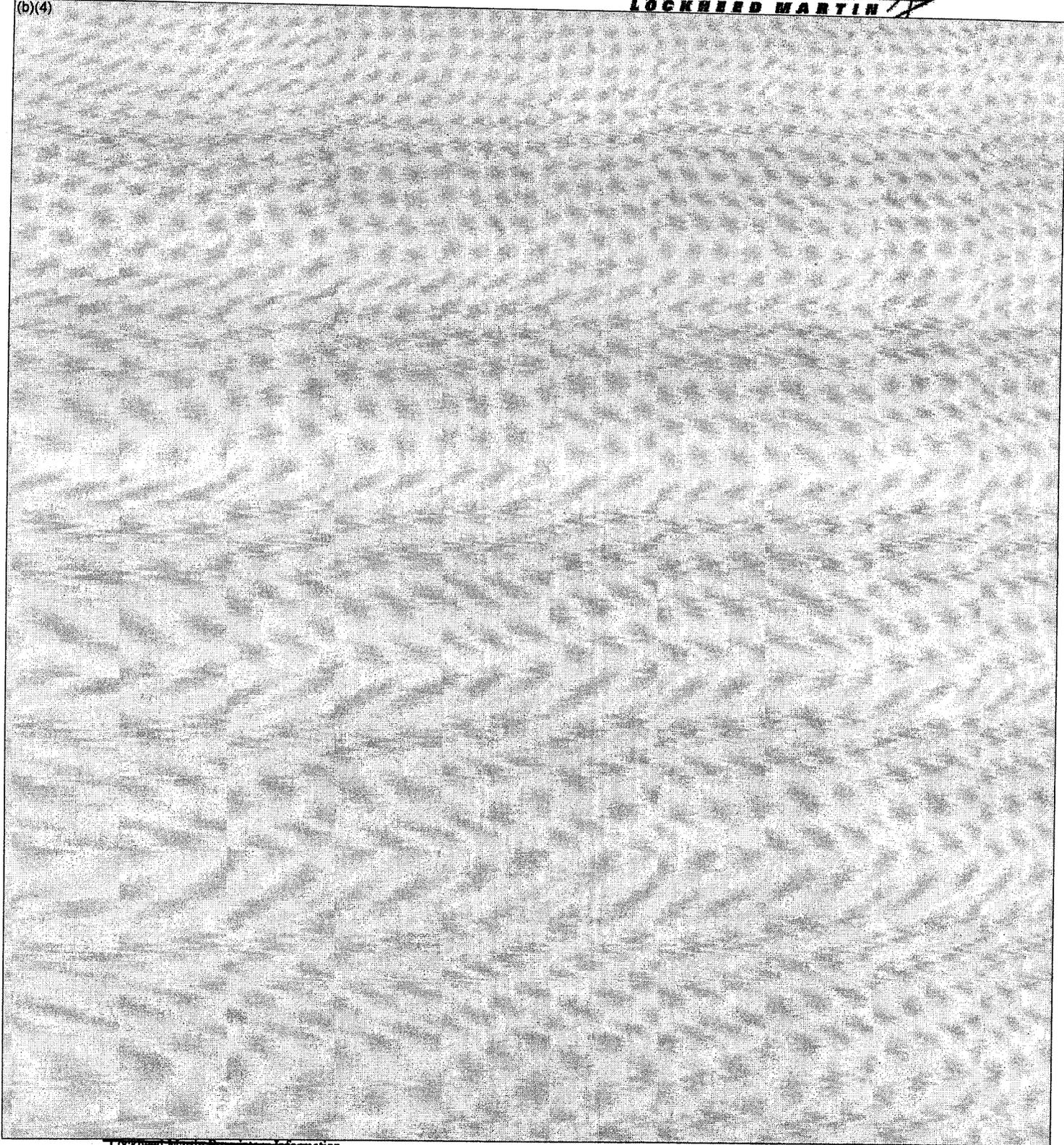
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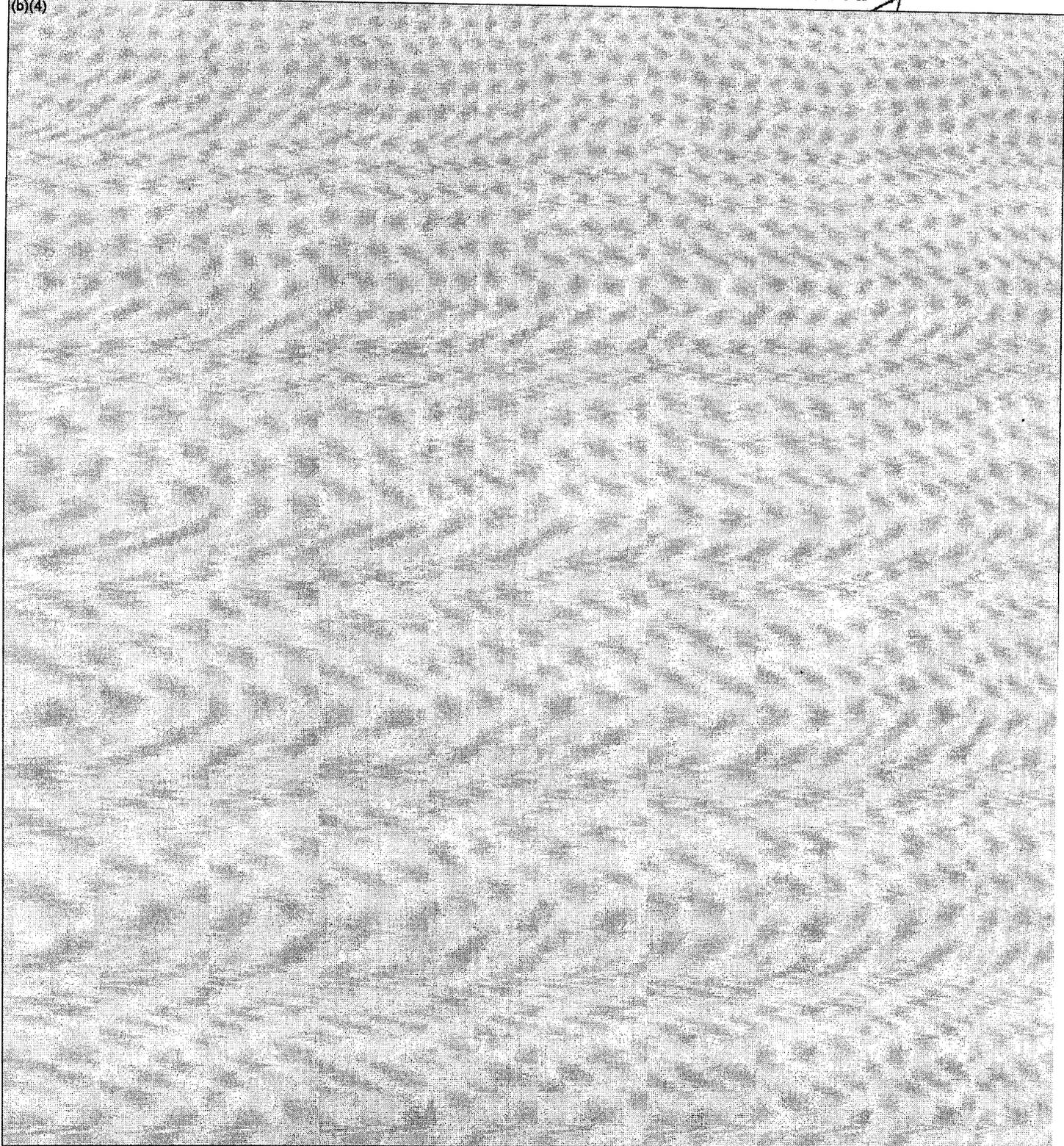
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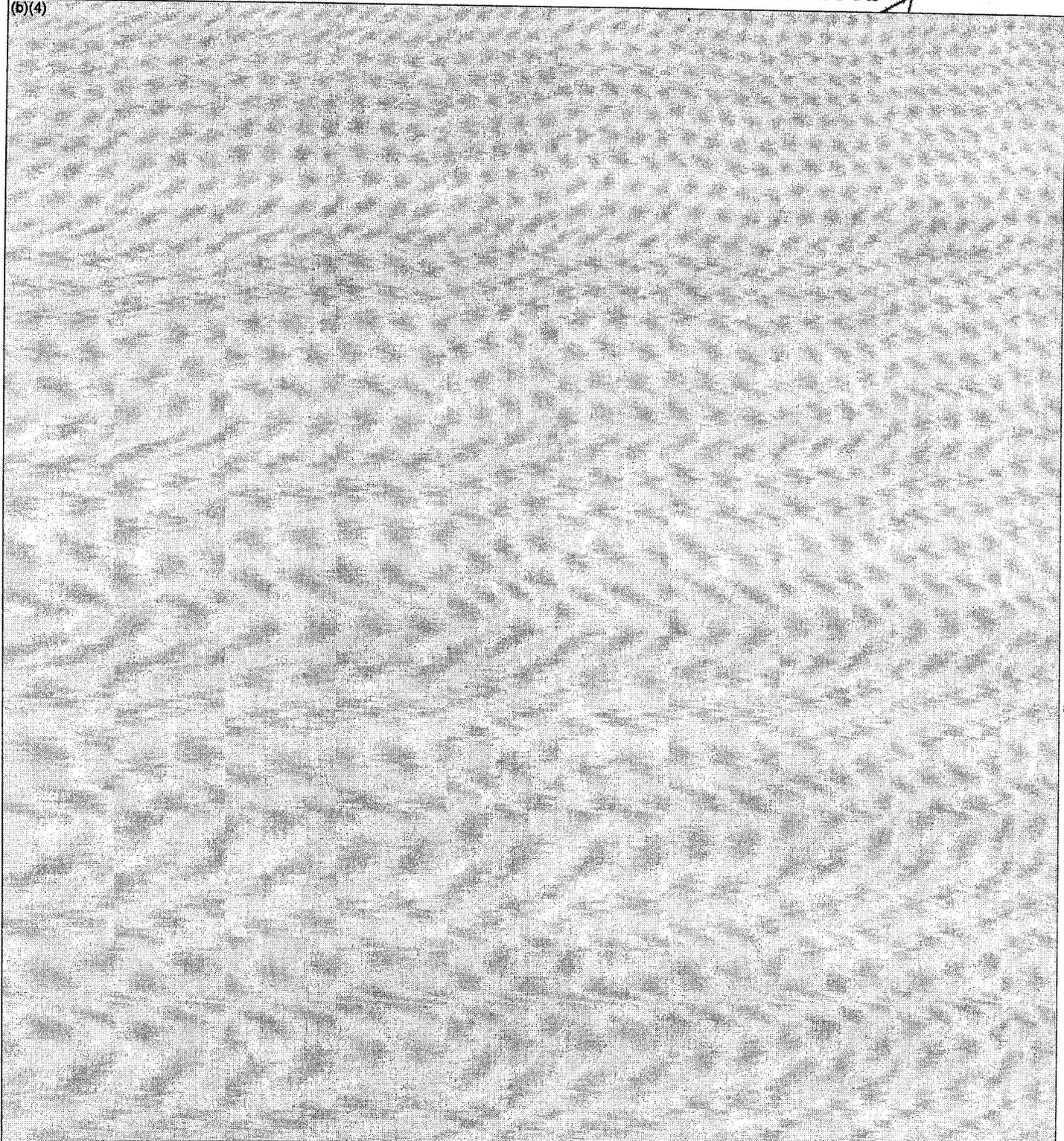
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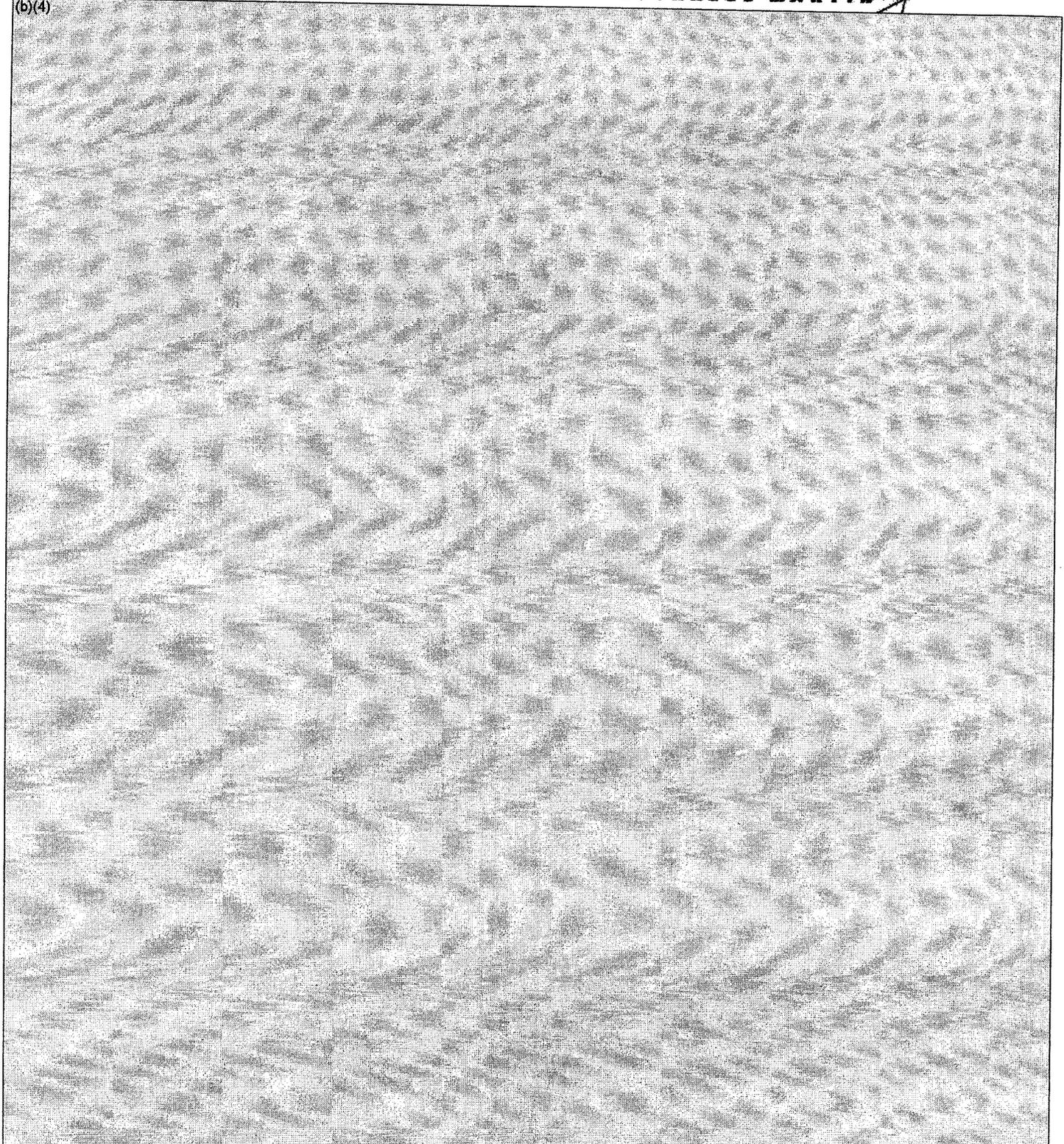
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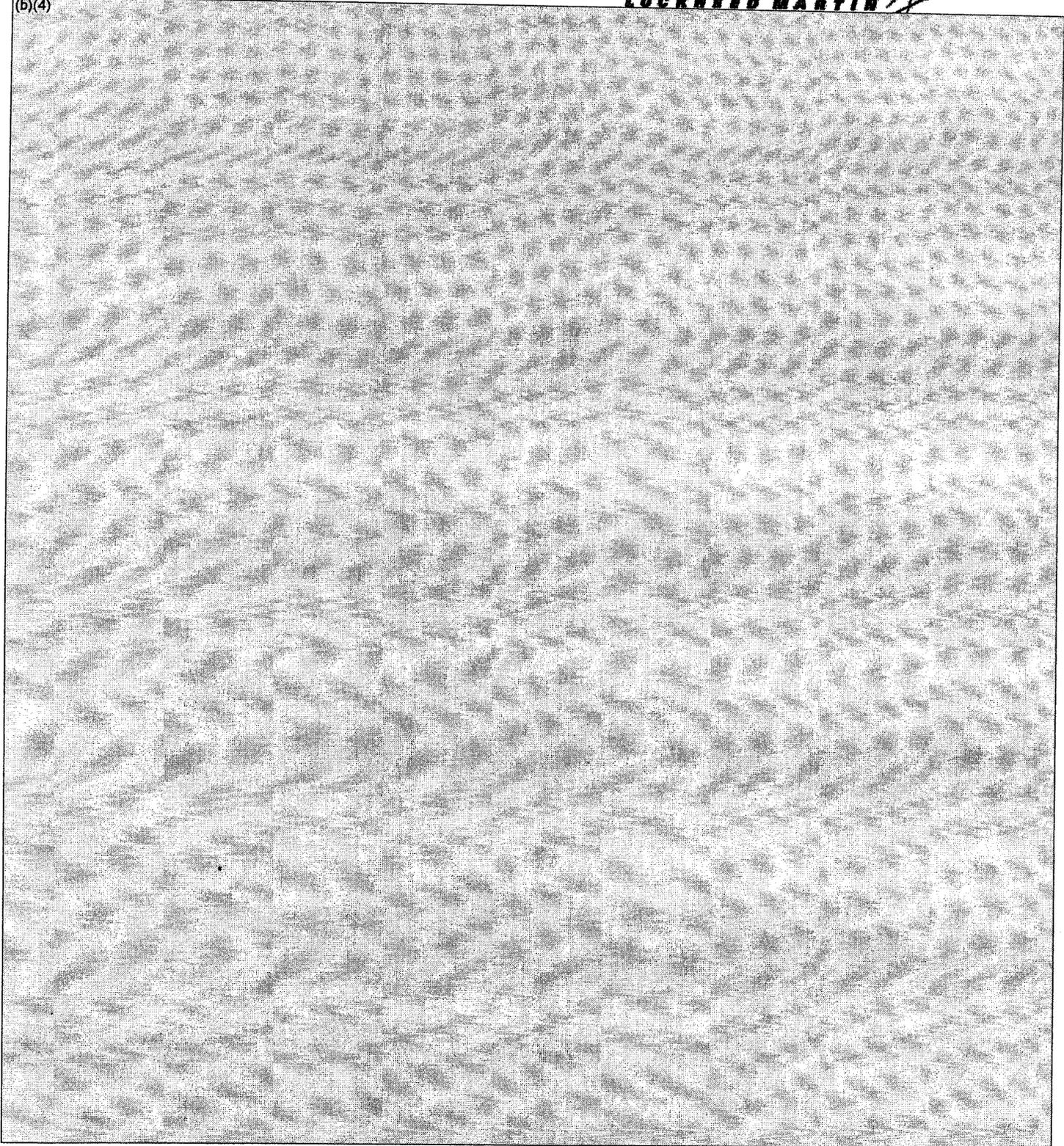
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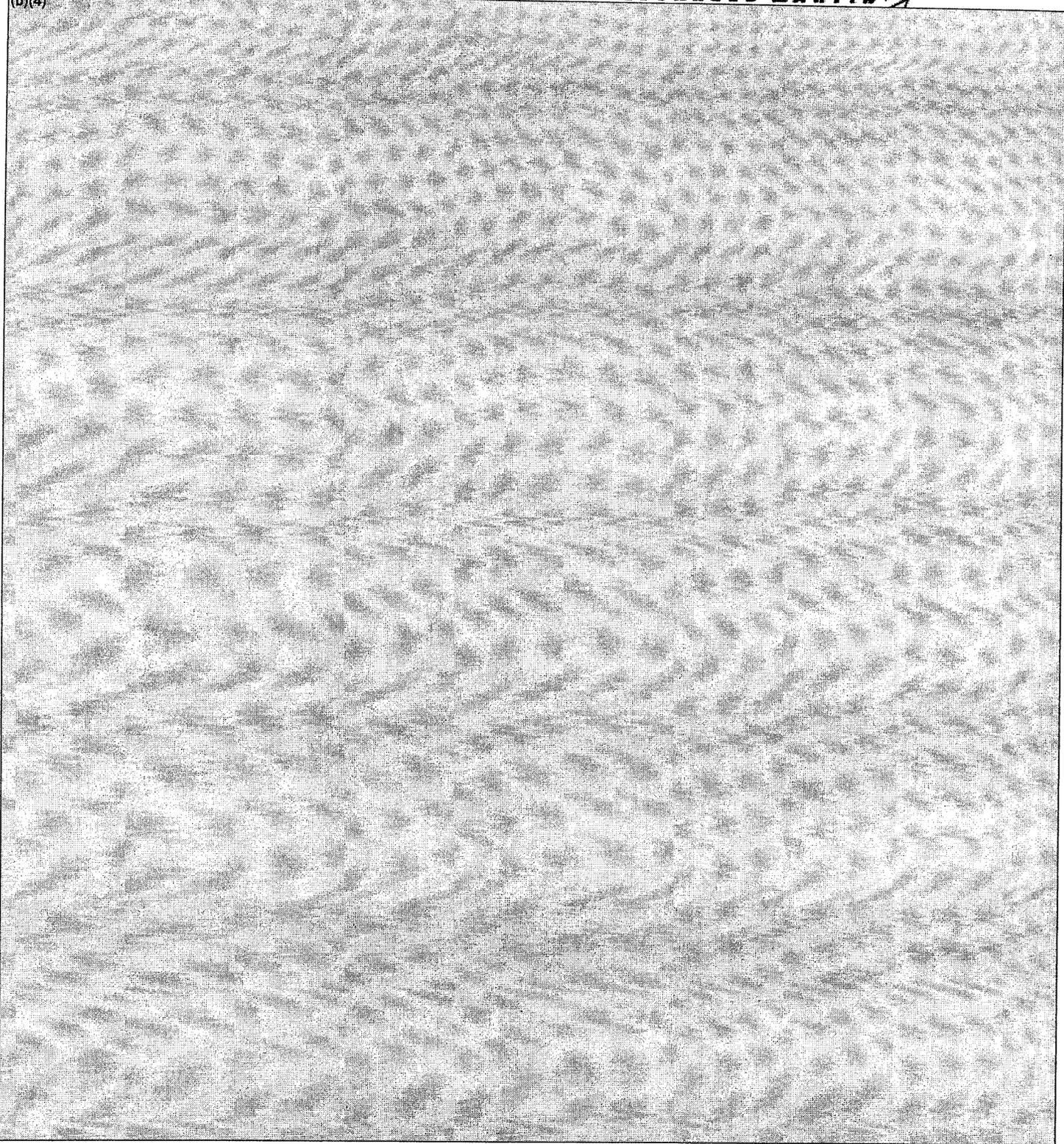
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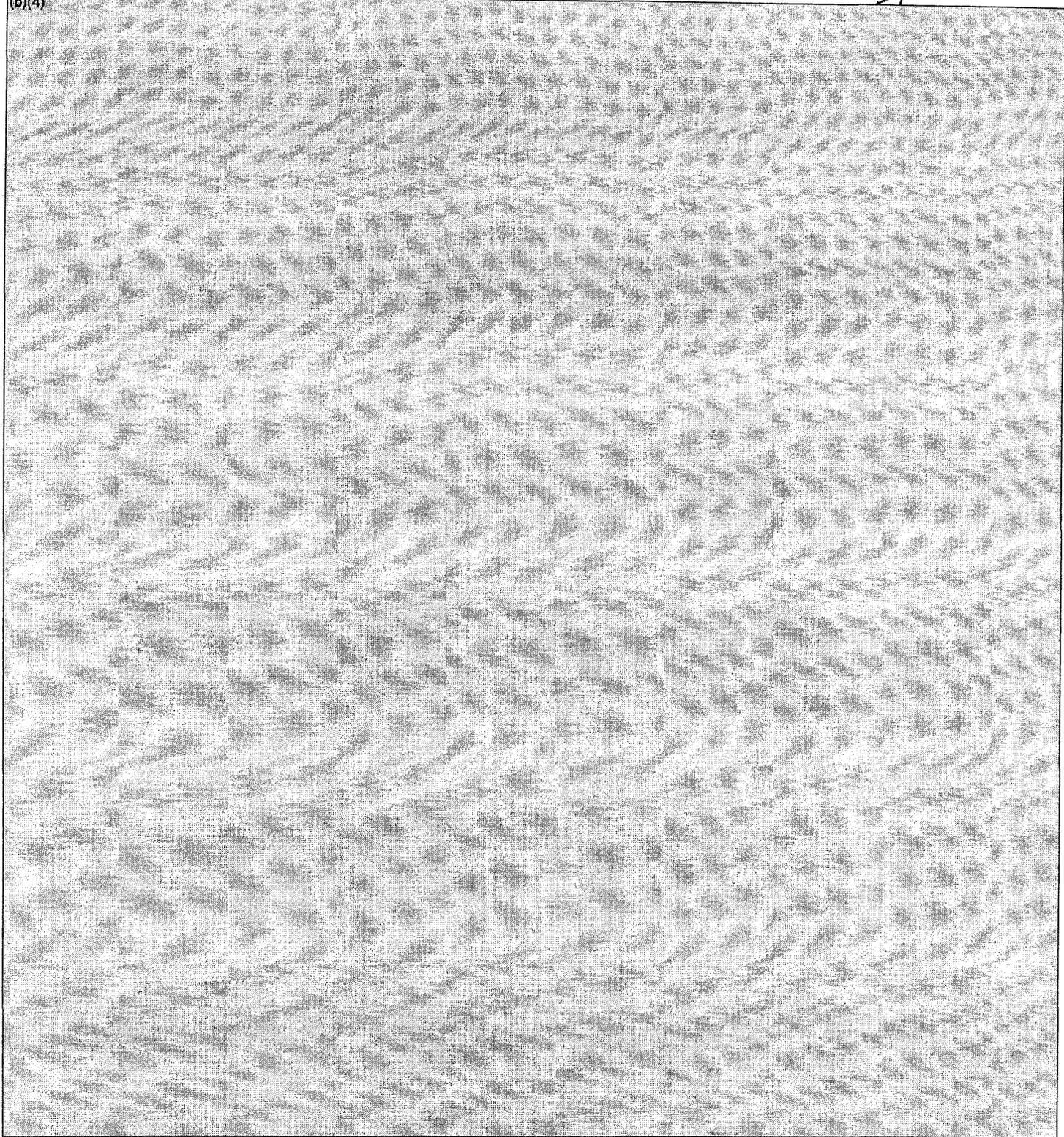
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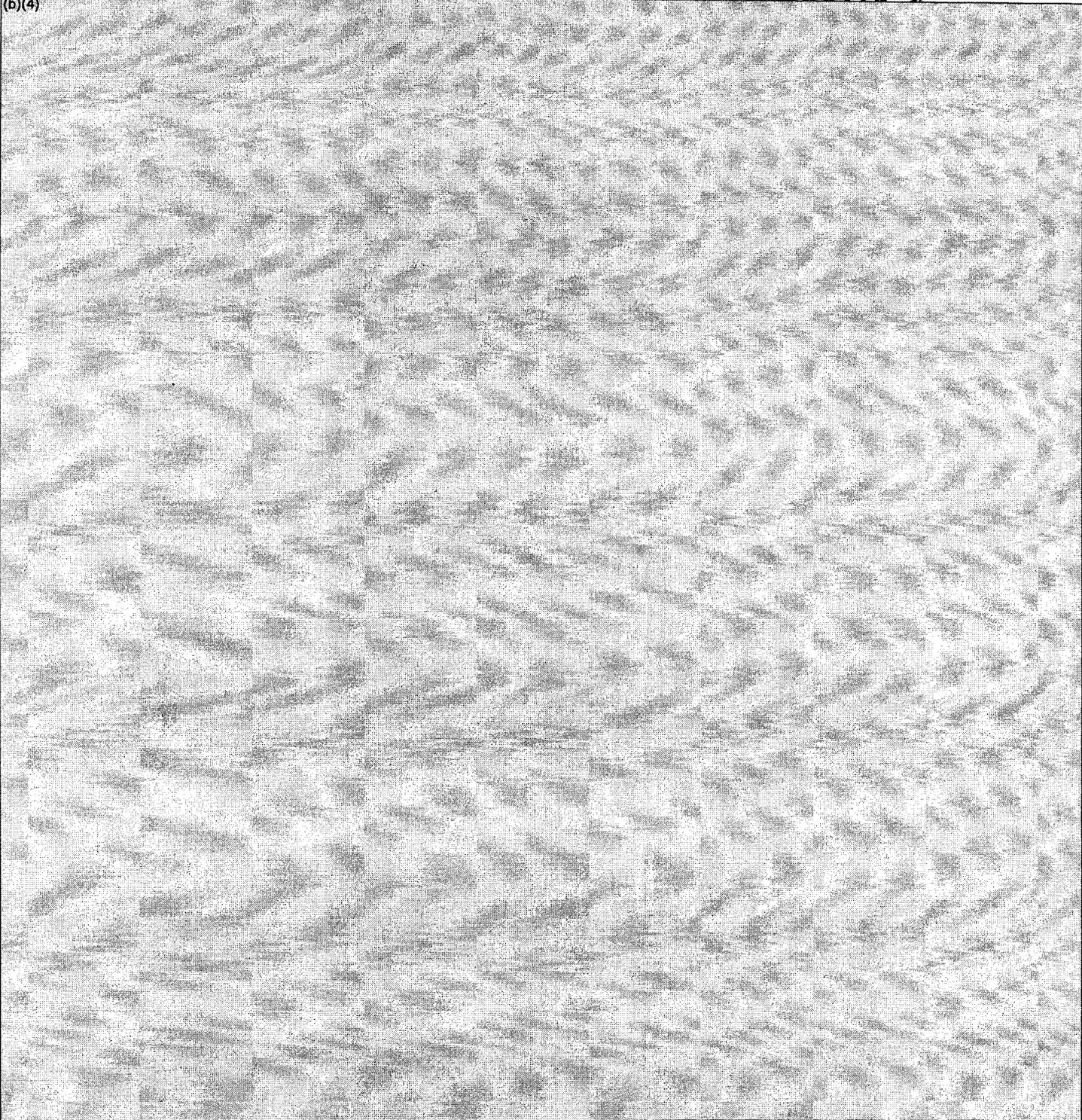
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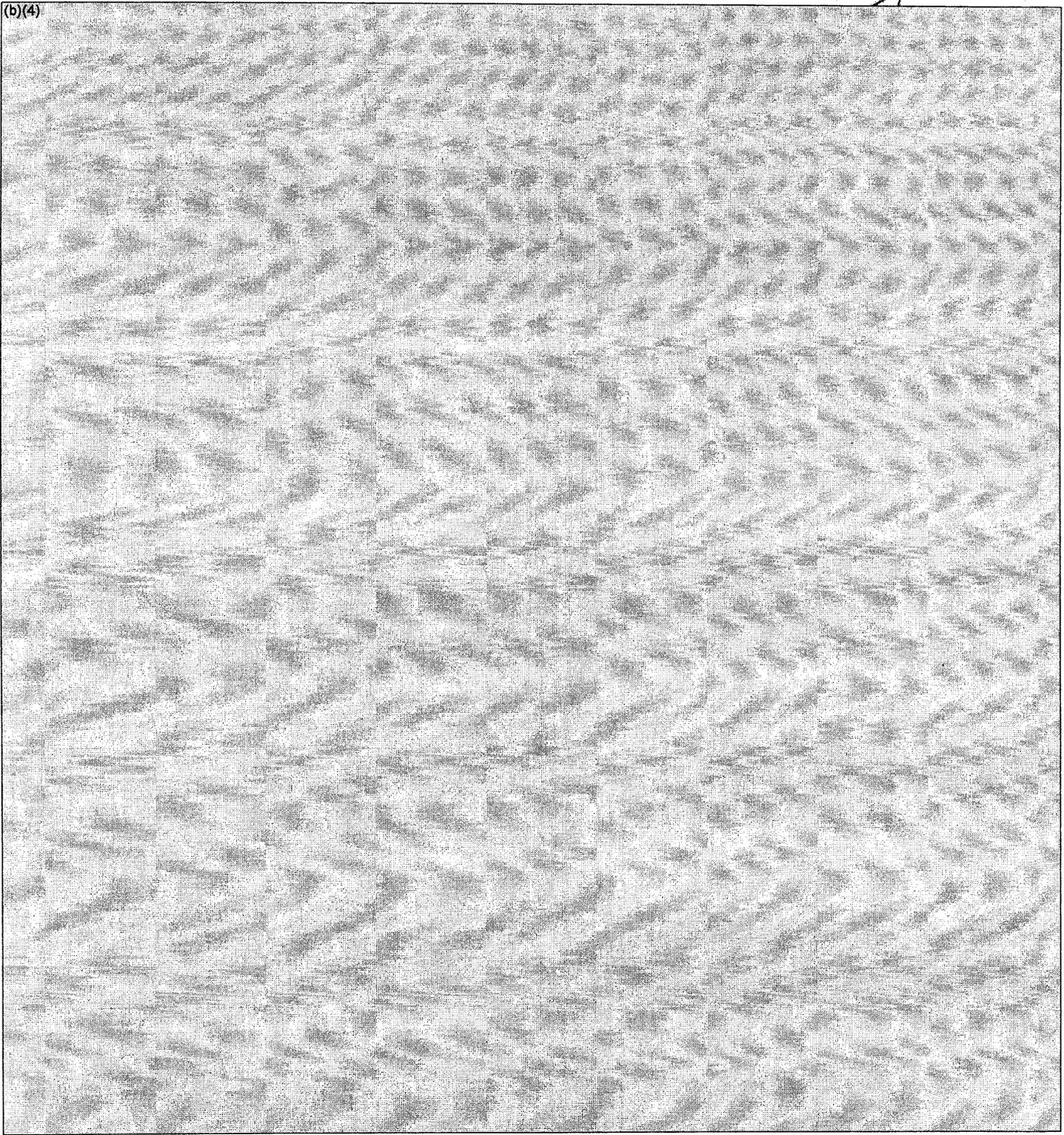
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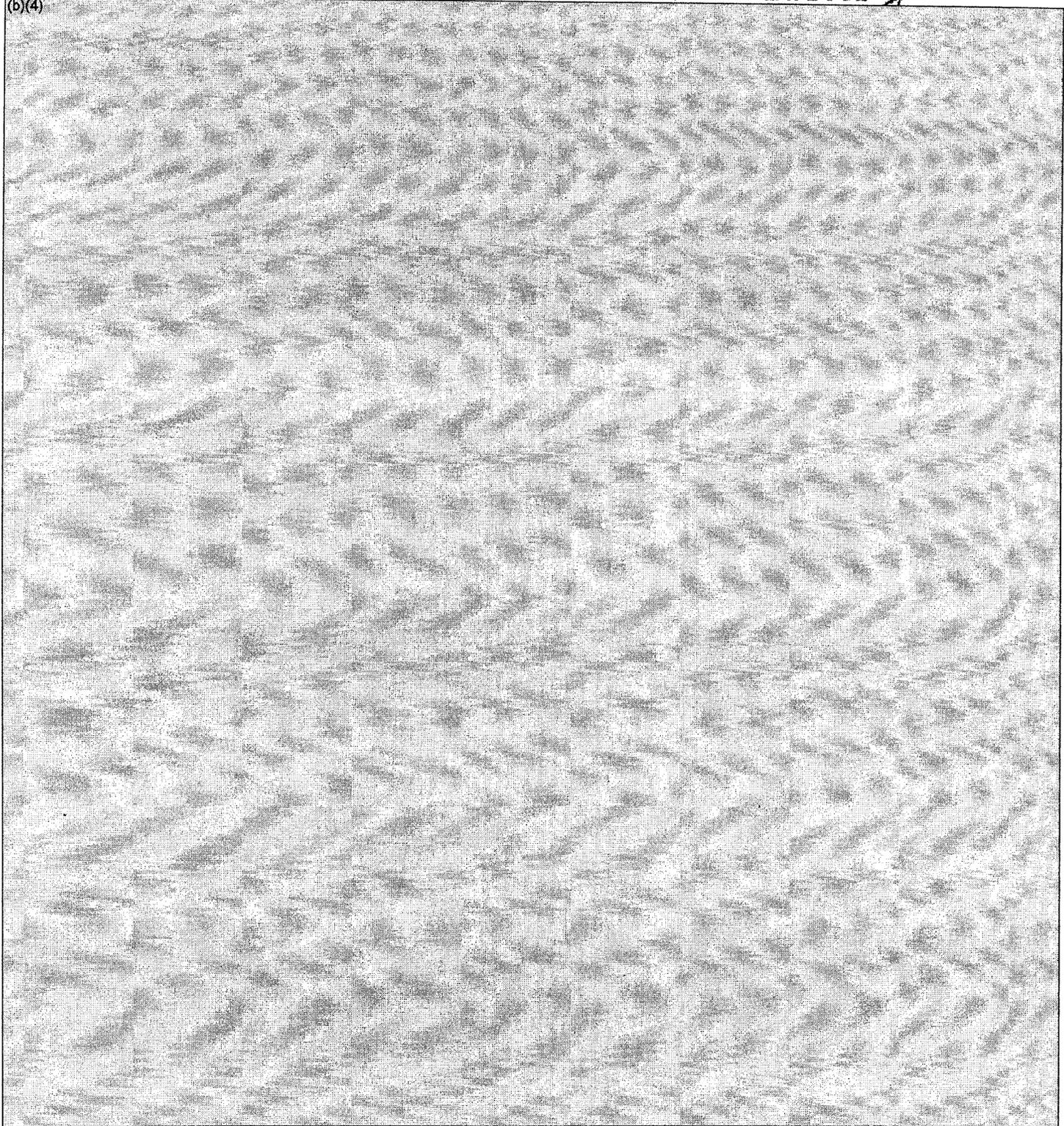
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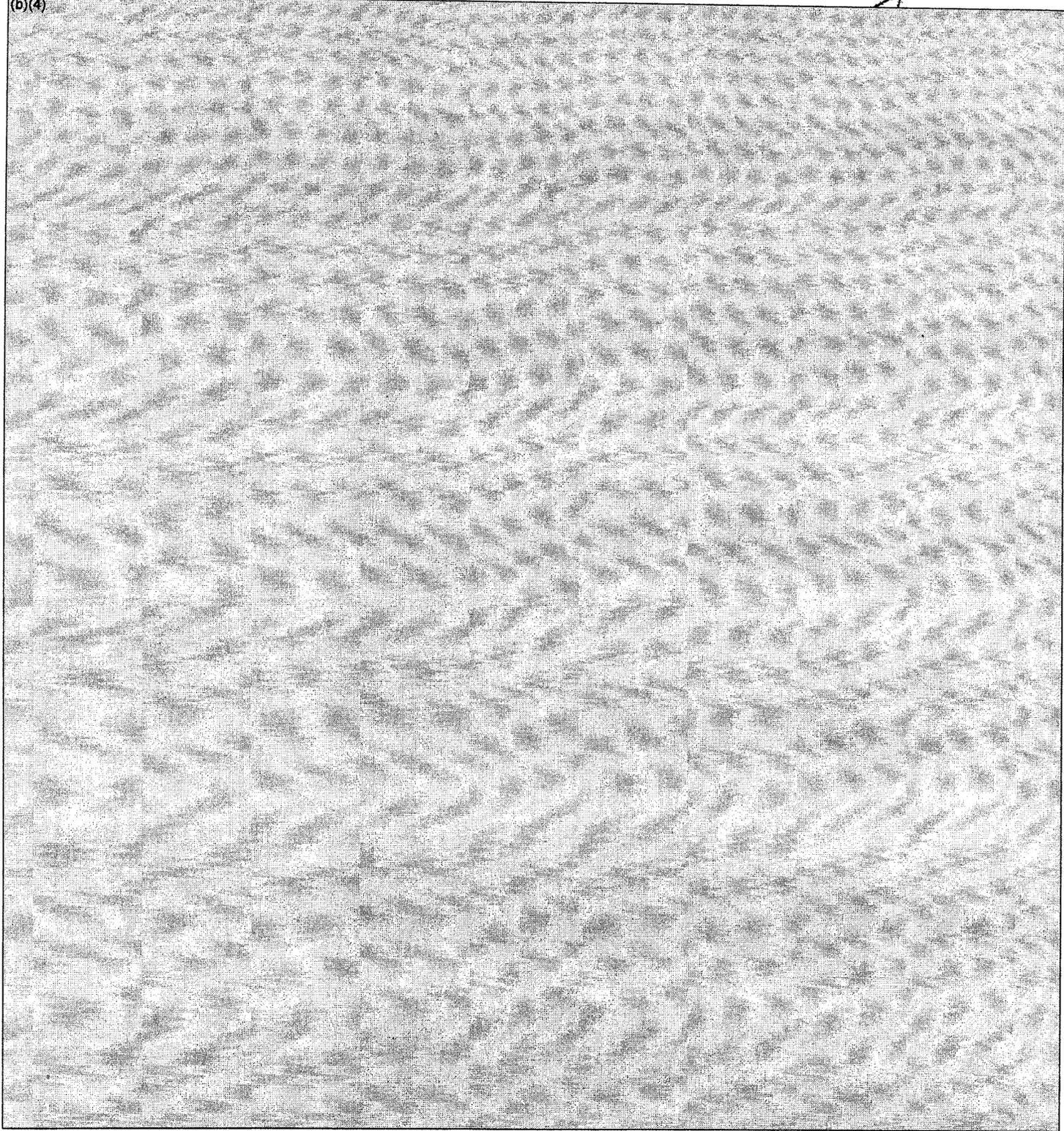
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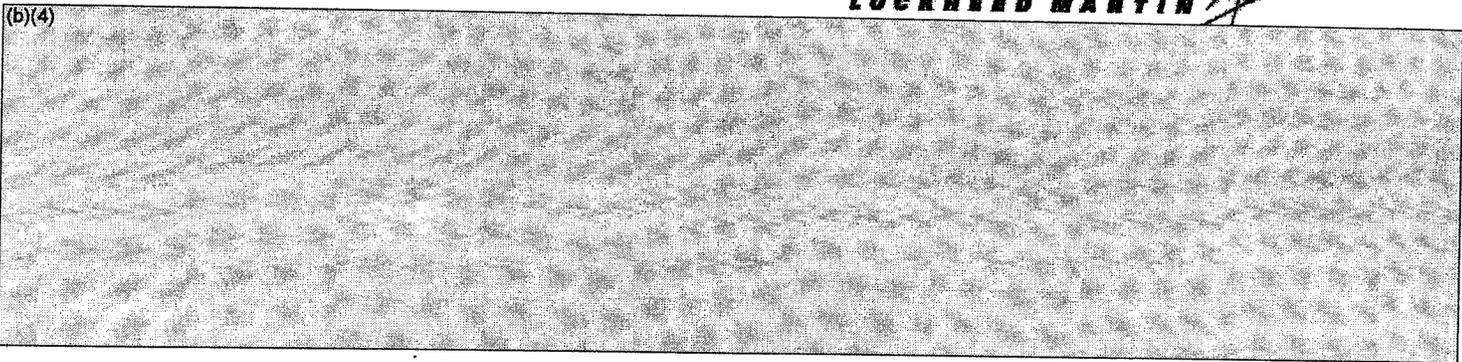
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