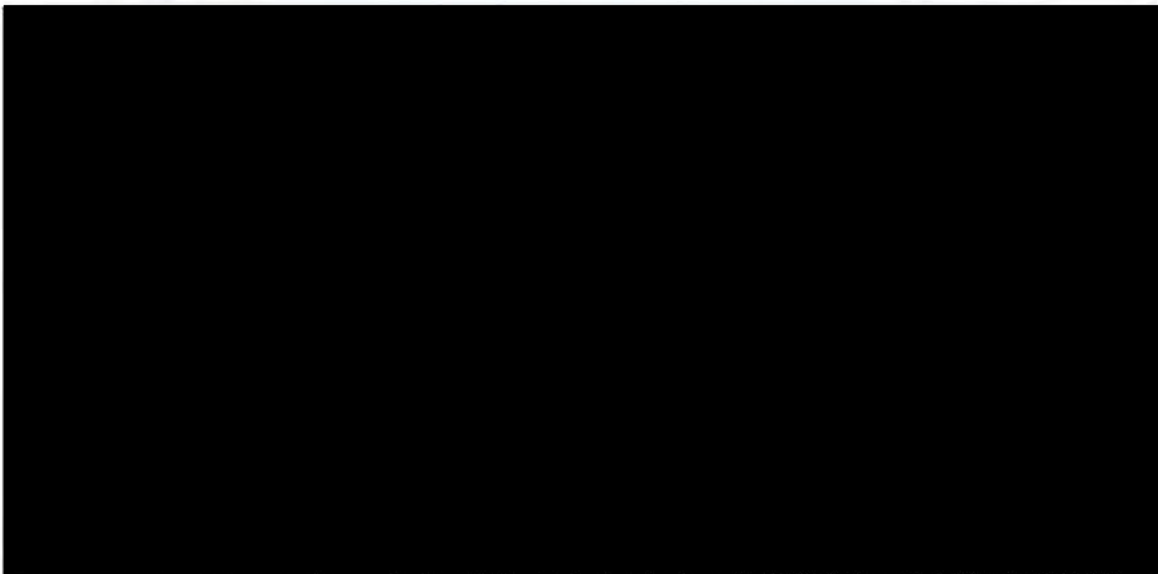
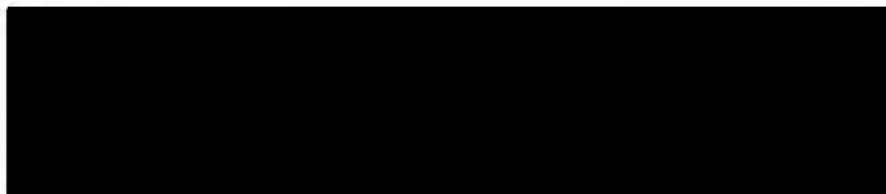


**Indirect Allocations**



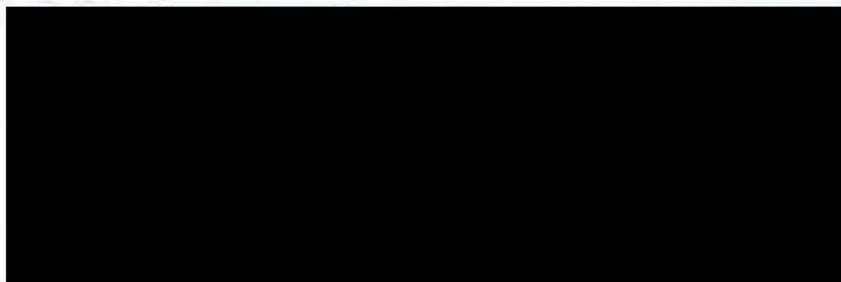
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The following table identifies the indirect allocation percentages utilized in the GFY 2017 forecasting process:

Business Area	GFY 2017 Forecast Indirect Allocation % Utilized
Enterprise Operations	
Aeronautics	
Missiles and Fire Control	
Rotary and Mission Systems	
Space Systems	

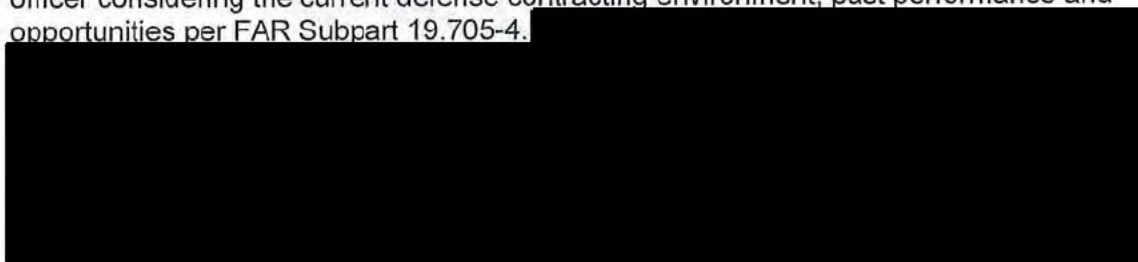
The following listing is representative of the various products and services that comprise indirect procurements:



A complete list of top principal products and services to be subcontracted by NAICS can be found in Exhibit 4.

### Summary

Lockheed Martin recommends the proposed goals be accepted by the contracting officer considering the current defense contracting environment, past performance and opportunities per FAR Subpart 19.705-4.



Based on the considerable analysis utilized to establish the corporation's GFY 2017 Comprehensive Subcontracting Plan, Lockheed Martin believes the GFY 2017

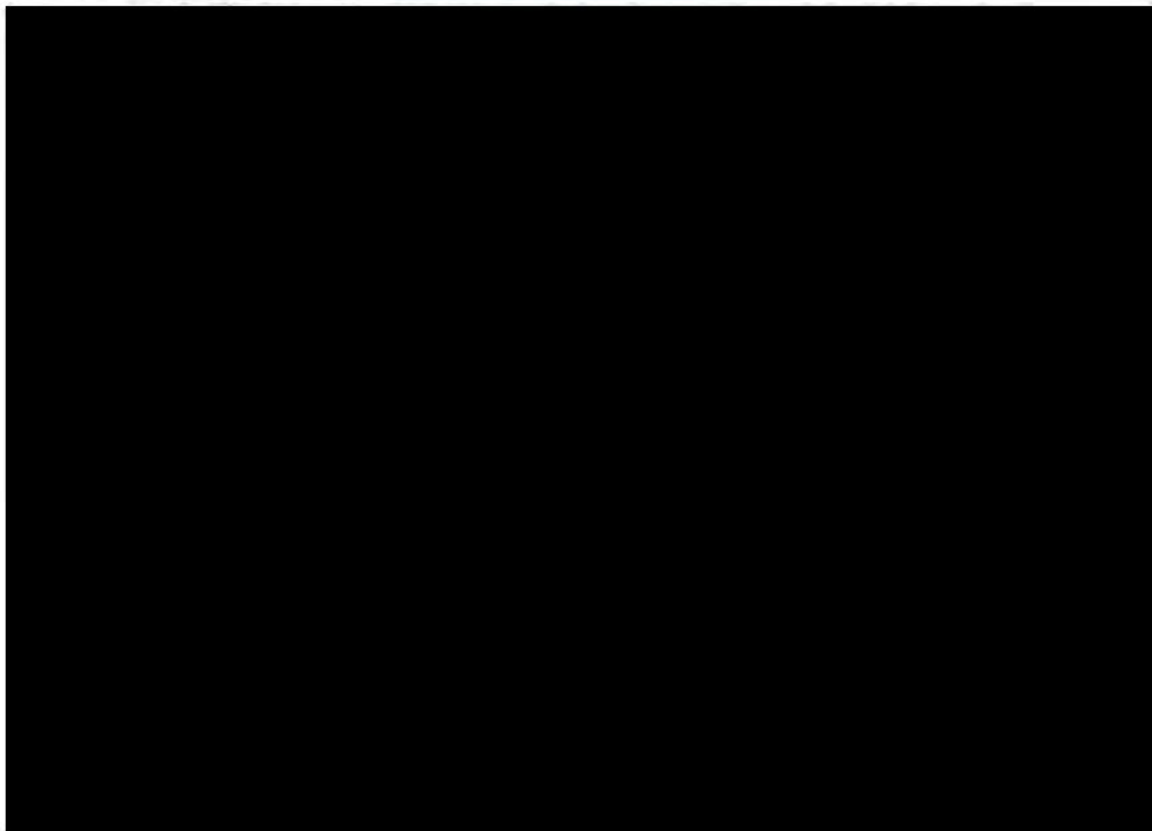
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subcontracting goals reflect maximum practicable subcontracting opportunity to small business, SDB, WOSB, VOSB, SDVOSB and HUBZone subcontractors and, therefore, are fair and reasonable.

#### **Principal Products and Services to be Subcontracted**

Lockheed Martin is a global security company principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. A representative listing of items procured in support of Lockheed Martin business areas is shown in GFY 2017 Products and Services Forecast by NAICs Codes listing in Exhibit 4. Lockheed Martin will periodically review detailed listings of the subcontract awards to large businesses as part of the effort to identify additional subcontracting opportunities for small businesses.

#### **5. TARGET INDUSTRY CATEGORIES**



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[REDACTED]		
GFY 2017 TOTAL GOALS		
	Dollars	Percent
Large	[REDACTED]	
Small		
Total		
SDB		
WOSB		

## Cumulative base by Quarter

12/30/2016

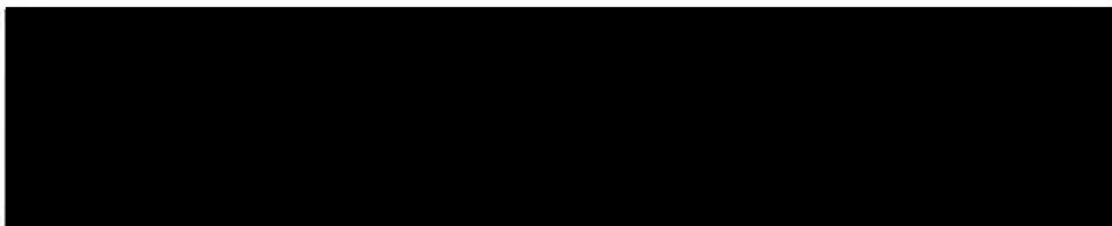
03/31/2017

06/30/2017

09/29/2017

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[REDACTED]	
GFY 2017 TOTAL GOALS	
	Dollars      Percent
Large	[REDACTED]
Small	[REDACTED]
Total	[REDACTED]
SDB	[REDACTED]
VOSB	[REDACTED]

## Cumulative base by Quarter

12/30/2016



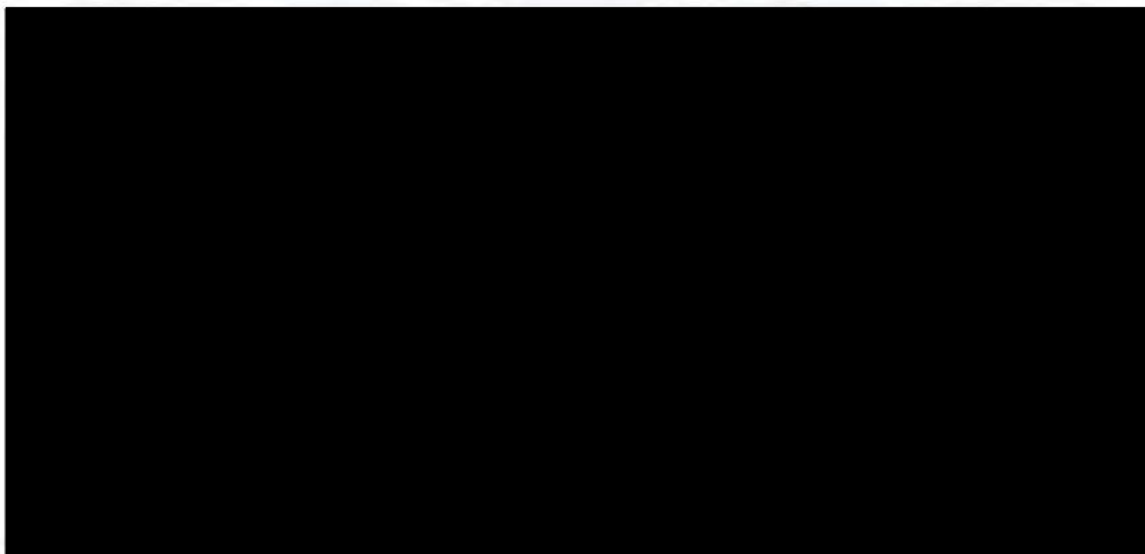
03/31/2017



06/30/2017



09/29/2017



## 6. Implementation of the Comprehensive Subcontracting Plan

Lockheed Martin's Comprehensive Subcontracting Plan complies with the elements and requirements of Federal Acquisition Regulation (FAR), Subpart 19 and DFARS 252.219-7004.

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### **Applicability**

This Comprehensive Subcontracting Plan shall apply to all DOD Lockheed Martin prime contracts and subcontracts existing at the time of approval and awarded through September 30, 2017.

### **Review Process**

The DCMA will conduct annual reviews of Lockheed Martin's performance under the CSP utilizing its risk management process. Lockheed Martin will also support additional customer reviews, as required, to determine the effectiveness of the CSP in increasing opportunities for small businesses performing under DOD contracts.

### **Termination or Withdrawal from Program**

Upon expulsion from the program or program termination, the contractor shall negotiate and establish individual subcontracting plans on all future DOD contracts that otherwise meet the requirements of Section 211 of Public Law 95-507.

### **Corporate Plan Administrators**

Lockheed Martin Corporate Small Business Liaison Officer, Susannah Raheb, is assigned responsibility for the development, implementation and management of this plan, in addition to the responsibility of providing leadership and direction of the supplier diversity program at the corporate level. Lockheed Martin will notify the DCMA in writing if reassignment and/or replacement is required. Pat DeSanto, Supplier Diversity Program Manager, serves as Susannah Raheb's deputy and has the authority to act as the corporate plan administrator on Susannah Raheb's behalf. 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:

- a) Serve as the corporation's chief advocate for Supplier Diversity.
- b) Manage and oversee the corporation's network of small business liaison officers and provide advocacy for Supplier Diversity program objectives.
- c) Develop and execute strategic plans for the corporation's Supplier Diversity program.
- d) 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.
- e) Participate in key associations, workshops, seminars and trade shows that are national in scope.
- f) Develop supplier diversity policies, procedures and special programs.
- g) Prepare and negotiate annual CSP including corporate-wide subcontracting goals and objectives with business areas.

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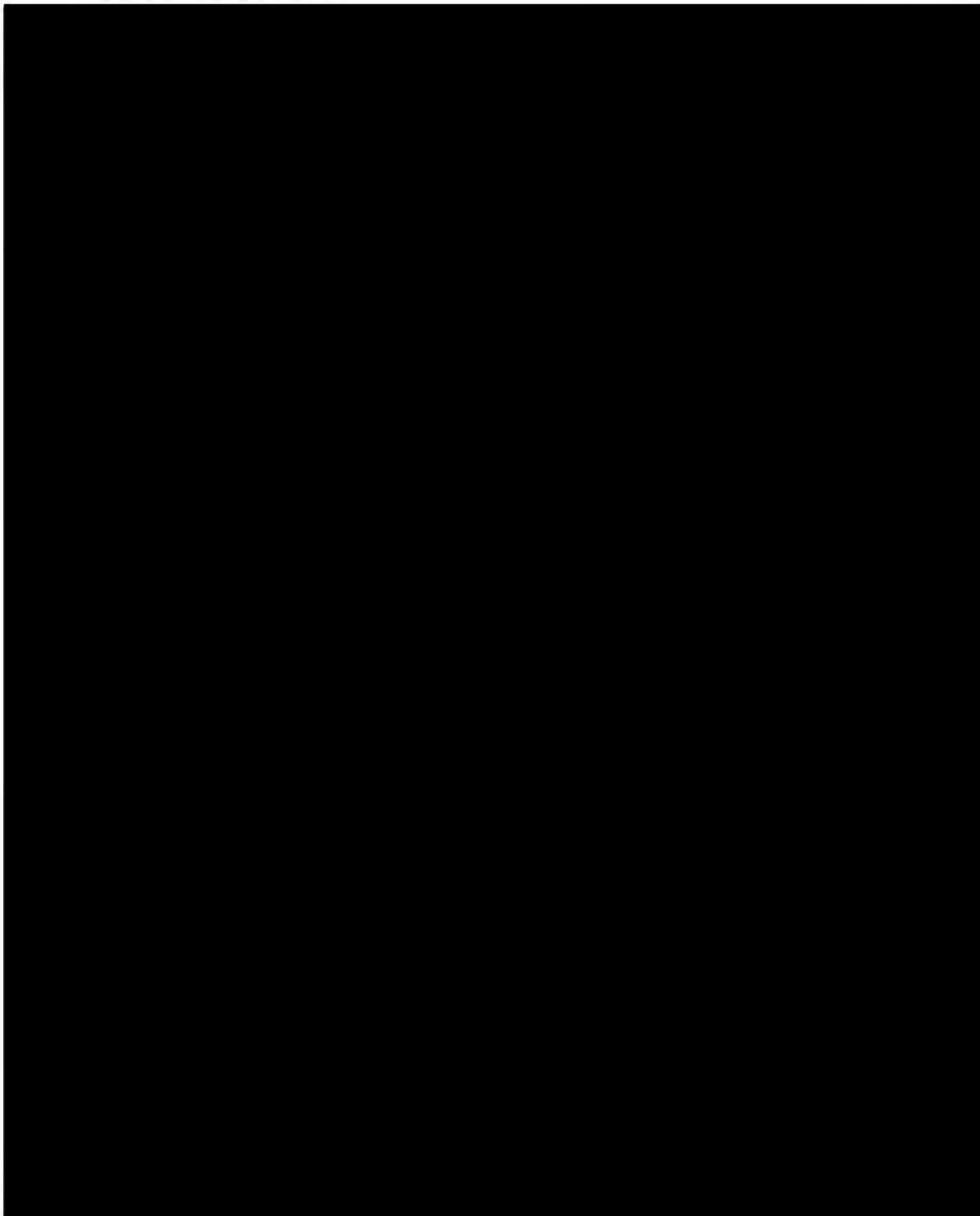
- h) Ensure CSP reporting as required is submitted by scheduled deadlines.
- i) Consult with business areas regarding supplier diversity program compliance, training, customer audits and other related matters.
- j) Maintain a database of supplier diversity-related information.

#### **Program Administrators - Supplier Diversity Business Area Leads**

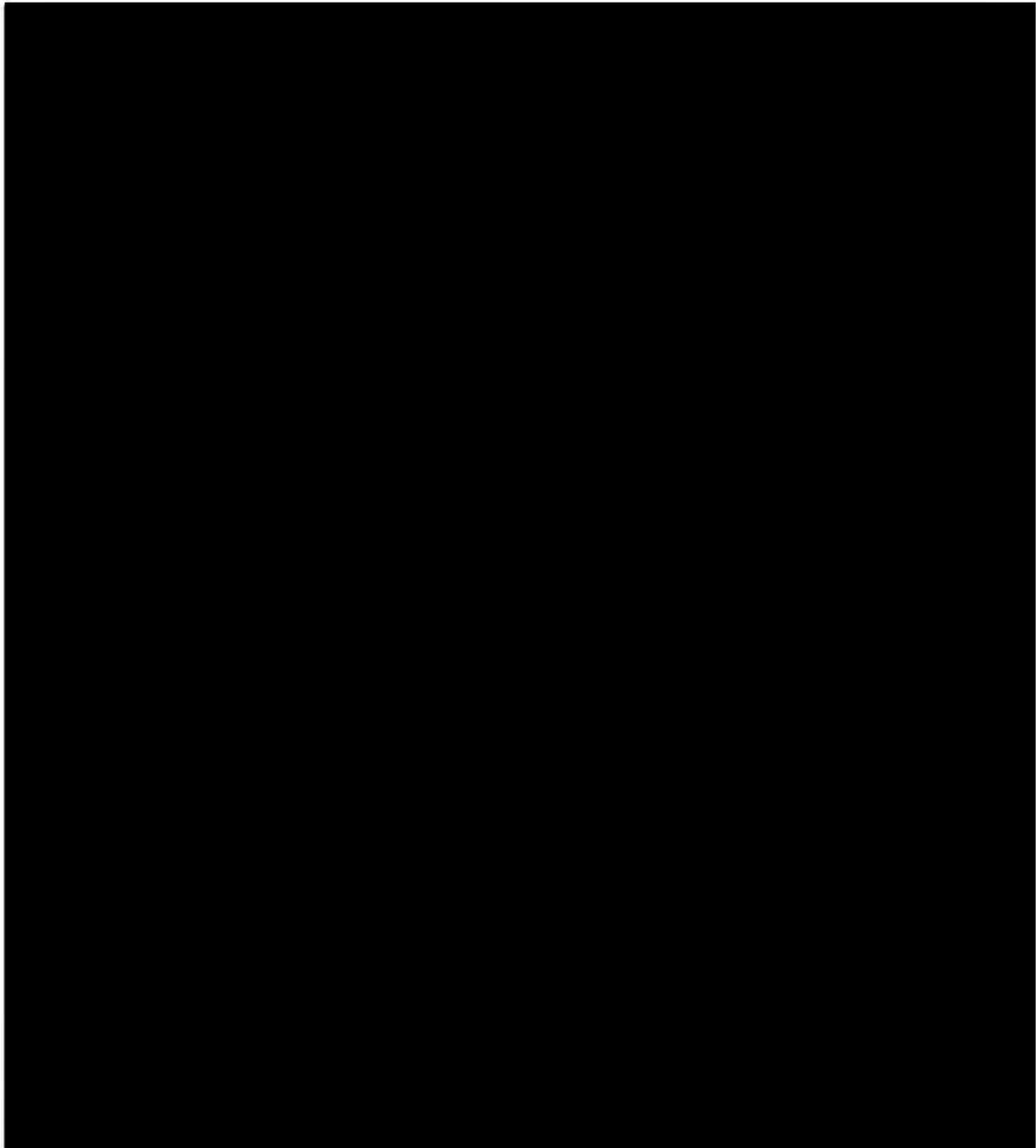
Responsibility for operational implementation and administration of this plan, as well as the implementation of the supplier diversity program elements, is vested in the managers of supplier diversity at the business area level. These individuals provide overall guidance and support to buyers, engineers and others involved in the 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 and community awareness programs designed to promote the merits of Lockheed Martin as a business leader and convey subcontracting opportunities available.
- c) Promoting and supporting Government Outreach Programs in conjunction with engineering, product assurance, manufacturing and other organizations, to enable small businesses to qualify technically and administratively as Lockheed Martin suppliers.
- d) Coordinating with the supplier diversity organization to:
  - Share best practices, lessons learned and information regarding high quality sources.
  - Provide qualified suppliers with appropriate opportunities.
  - Advocate corporate-wide procurements when beneficial to the corporation and to small businesses.
  - Form action teams dedicated to joint process improvement activities.
  - Institute other initiatives that will increase opportunities for small businesses.
- e) Supporting the corporation's small business suppliers to sustain the required performance levels.
- f) Implementing supplier diversity policies and procedures within the business area.

## 7. TARGET INITIATIVES



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## 8. SOURCE IDENTIFICATION

Lockheed Martin small business liaison officers assist in identifying qualified small business, SDB, WOSB, VOSB, SDVOSB and HUBZone concerns as potential sources for participation in procurement opportunities. Commonly used resources include: the Lockheed Martin Databases, including Exostar and the Supplier Marketing Portal, the

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U.S. Small Business Administration's System for Award Management database, Supplier Connection, and through direct contact with local and national affiliations.

## 9. EFFORTS TO ENSURE EQUITABLE PARTICIPATION

Lockheed Martin 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 as offered:

- U.S. Small Business Administration Small Business Week Conference
- National Center for American Indian Enterprise Development's Reservation & Economic Summit
- National HUBZone Conference
- Department of Defense SBIR Beyond Phase II National Conference
- National Veterans Conference
- Navy Gold Coast Conference
- MDA Small Business Conference
- Other DOD Agencies Small Business Conferences
- Lockheed Martin hosted supplier events

A concerted effort will be made by all Lockheed Martin operating companies to identify and facilitate procurement opportunities and to solicit and fairly evaluate all small business concerns. Detailed requirements are outlined in the Lockheed Martin Acquisition Procedures (LMAP). To this end, Lockheed Martin 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, subdivide requirements to facilitate small business participation.
- Ensure that make-buy deliberations consider the potential impact on small business subcontracting.
- Work with the 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.
- Where appropriate and practical, use restricted competition.
- Provide counseling and other forms of assistance to small business concerned to the extent that it does not compromise the integrity of the corporation's procurement process.

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- Authorize progress payments and performance-based payments to small business concerns in instances where considerable investment is required to perform under a Lockheed Martin subcontract or purchase order.
- Where practical, provide small business concerns with the use of Lockheed Martin-owned tooling and equipment.
- Host supplier information sessions whereby potential suppliers can meet key members of the 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 the customers, and apply competitive principles in the determination to make or buy goods and services. A strategic Make or Buy Committee manages the strategic products and services list. The committee includes members from Corporate Engineering & Technology, Corporate Strategy & Business Development, Corporate Contracts, and the business areas. SBLOs may be engaged depending upon the nature of the discussion and their responsibility scope. It should be noted that the Vice President of Supply Chain (the organization in which Supplier Diversity resides) has the overall responsibility for the committee.

Make or Buy programs 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 requirements 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 small business opportunities.

## 11. SUPPLIER RECOGNITION

Lockheed Martin believes in recognizing the contributions of suppliers and rewarding excellence across the enterprise. As such, business area supplier recognition programs are designed to recognize suppliers for their accomplishments for quality, schedule, affordability, management, process and improvements. Suppliers benefit from these programs by the increased subcontracting opportunities that result from the recognition of being a top performing supplier as well as provided exposure through press releases. Lockheed Martin also leverages other types of recognition to nominate suppliers (i.e., U.S. Small Business Administration's Supplier Awards) to give them further visibility.

## 12. RECORD KEEPING

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Lockheed Martin will 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 \$150,000 or more, indicating on each solicitation (1) whether small business concerns, SDB, WOSB, HUBZone, VOSB and SDVOSB 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, SDB, WOSB, HUBZone, VOSB and SDVOSB 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 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 are maintained. Purchase order documentation including the name, address, and business size of each subcontractor traceable back to a DOD contract 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

Supplier diversity professionals at all levels will monitor compliance with this plan and will promptly notify the Corporate Small Business Liaison Officer of any significant performance problems or changes. They shall also ensure that corrective actions directed by 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 Small Business Liaison Officer:

- (a) Monthly performance report;
- (b) Quarterly report of performance of targeted and focused initiatives; and
- (c) 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 Vice President, Supply Chain Management,

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Aeronautics and Chair, Supply Chain Council. A copy will also be provided to the DCMA Comprehensive Subcontracting Plan Manager.

Lockheed Martin will also submit the following reports to the DCMA:

1. Quarterly report of performance of targeted industries, small business initiatives and goals achievement;
2. Semi-annual and annual Summary Subcontracting Reports (SSR) using the Electronic Subcontracting Reporting System (eSRS);
3. Semi-annual report of dollars subcontracted to the various socioeconomic categories under applicable DOD programs;
4. Semi-annual report of dollars subcontracted to the various socioeconomic categories under any contract which meets the following definition: (a) any contract for maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems, or equipment; and (b) the total value of the contract, including options, exceeds \$100 million;
5. Semi-annual report of NAICS codes for various socioeconomic categories; and
6. Semi-annual report of: (a) total number of subcontracts awarded to Lockheed Martin under the CSP; (b) cost incurred in negotiating, complying with and reporting under the CSP; and (c) cost avoided through use of the CSP.

In addition, in accordance with the requirements expressed in the FY2015 NDAA authorization of the CSP Plan Test Program, Lockheed Martin agrees to provide small business performance data on MDAP programs and the Missile Defense Agency's major acquisitions (to be provided by the DoD Office of Small Business). Lockheed Martin will cooperate in special studies and/or surveys conducted to assess the effectiveness of the CSP and submit reports to allow DOD to assess the corporation's compliance with the provisions of this agreement.

#### **14. FLOWDOWN REQUIREMENTS**

Lockheed Martin included the following provisions on all purchase orders and subcontracts issued in support of DOD, except where such inclusion is exempted by the terms of the affected clause:

1. FAR 52.219-9, Small Business Subcontracting Plan, and 252.219-7003, Small Business Subcontracting Plan (DOD contracts), when the Contracting Officer has included these clauses in the contract for purposes of flow down to subcontractors, or
2. 52.219-9, Small Business Subcontracting Plan, with its Alternate III, and 252.219-7003, Small Business Subcontracting Plan (DOD contracts), with its Alternate I, when the Contracting Officer has included these clauses in the contract for flow down to subcontractors to allow for submission of SF 294s in lieu of Individual Subcontracting Report (ISR), or

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3. 252.219-7004, Small Business Subcontracting Plan (test program), in subcontracts with subcontractors that participate in the test program described in DFARS 219.702.

Lockheed Martin requires its large business subcontractors who receive subcontracts in excess of the \$700,000 threshold to adopt a plan that meets the requirements of FAR 25.219-9. Lockheed Martin requires subcontractors to submit an individual subcontract plan demonstrating compliance to this requirement. Small business liaison officers review each plan to ensure it meets the applicable requirements. The provisions of the CSP are not flowed down from Lockheed Martin subcontractors. Suppliers who negotiate commercial item plans with their local DOD agency or who are Comprehensive Subcontracting Plan Test Program participants 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, SDB, WOSB, HUBZone, VOSB or SDVOSB. Lockheed Martin's Procure to Pay (P2P) system is the corporation's record of authority for supplier unique data and information including supplier size.

Lockheed Martin personnel engaged in the procurement of goods and services to ensure subcontractors with subcontracting plans agree to submit the ISR and/or the SSR using the eSRS. Per Lockheed Martin Acquisition Procedure 9.120, Issuing Contracts, when the contract includes a small business subcontracting plan with eSRS requirements, Lockheed Martin will provide its contract number, DUNS number and the e-mail address of the contractor's official responsible for acknowledging or rejecting the ISR to all first-tier subcontractors required to submit ISRs. In addition, suppliers receive the requirement that if their offer, including option, exceeds the threshold in FAR 52.219-9, they must resubmit a small business subcontracting plan that fully meets the requirements of FAR 52.219-9 and that small business reporting will be required via the eSRS. Further, acceptance of the purchase order is an acknowledgement of accepting the full terms and conditions of the offer.

## 15. OUTREACH/PUBLICIZING SUBCONTRACTING OPPORTUNITIES

Lockheed Martin publicizes prospective subcontracting opportunities in the following ways:

- (a) Participating in federal procurement conferences, trade fairs, industry conferences and related functions;
- (b) Hosting trade fairs and conferences; whereby, potential suppliers can meet key members of the Lockheed Martin engineering, program management, manufacturing, and procurement staff;
- (c) Maintaining an email address [supplier.communications@lmco.com](mailto:supplier.communications@lmco.com) for submittal of supplier's electronic brochures and capability. This information is transmitted internally to the appropriate decision maker;

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- (d) Using Lockheed Martin Immediate Needs Bulletin Board to post and distribute procurement opportunities to small businesses through various supplier diversity affiliations distribution channels; and
- (e) Maintaining the Lockheed Martin Supplier Diversity web site, Supplier Wire (<http://www.lockheedmartin.com/supplierwire>).

#### **Lockheed Martin Small Business Events**

Lockheed Martin realizes the many benefits of hosting self-sponsored small business events. In the past, Lockheed Martin has had great success with its Supplier Information Sessions. In GFY 2017, Lockheed Martin will revise its Supplier Information Sessions as part of the new outreach strategy initiative. The events will focus on targeted socioeconomic categories (SDVOSB, HUBZone and SDB) that are challenged as well as define internal targeted needs for small business improvement opportunities, whether within programs, proposals or other areas of opportunity. Lockheed Martin will host at minimum three self-sponsored small business events in GFY 2017.

To determine the effectiveness of these events, the corporation will continue to track the value of subcontracts awarded to session attendees. Historically, Lockheed Martin has realized numerous new contracting opportunities with small business concerns as a result of these sessions, a trend that is expected to continue.

#### **16. SUPPLIER DIVERSITY TRAINING**

Lockheed Martin strives to increase awareness of the importance of supplier diversity through its training initiatives. Supplier diversity has a corporate-wide web-based training module, which is available for all employees. The course highlights the value and importance that supplier diversity brings to the corporation and customers. The training module was recently revamped to include a pass/fail quiz, refreshed content and more sophisticated functionality.

In addition, Lockheed Martin offers instructor-led training course for all new supplier diversity professionals. Lockheed Martin also offers various live training courses for procurement and business development professionals. These courses aid in increasing awareness of Lockheed Martin's supplier diversity program. The courses familiarize employees with the Supplier Diversity program objectives; provide insight on the impact of the 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 performance.

Lockheed Martin maintains resources to provide employees involved in the acquisition of materials and services with the necessary tools, support and training to enhance their ability to find small businesses through Small Mall, a Sharepoint site. Lockheed Martin also promotes Immediate Needs Bulletin Board to employees and alerts BD personnel of national small business events through forums to offer assistance.

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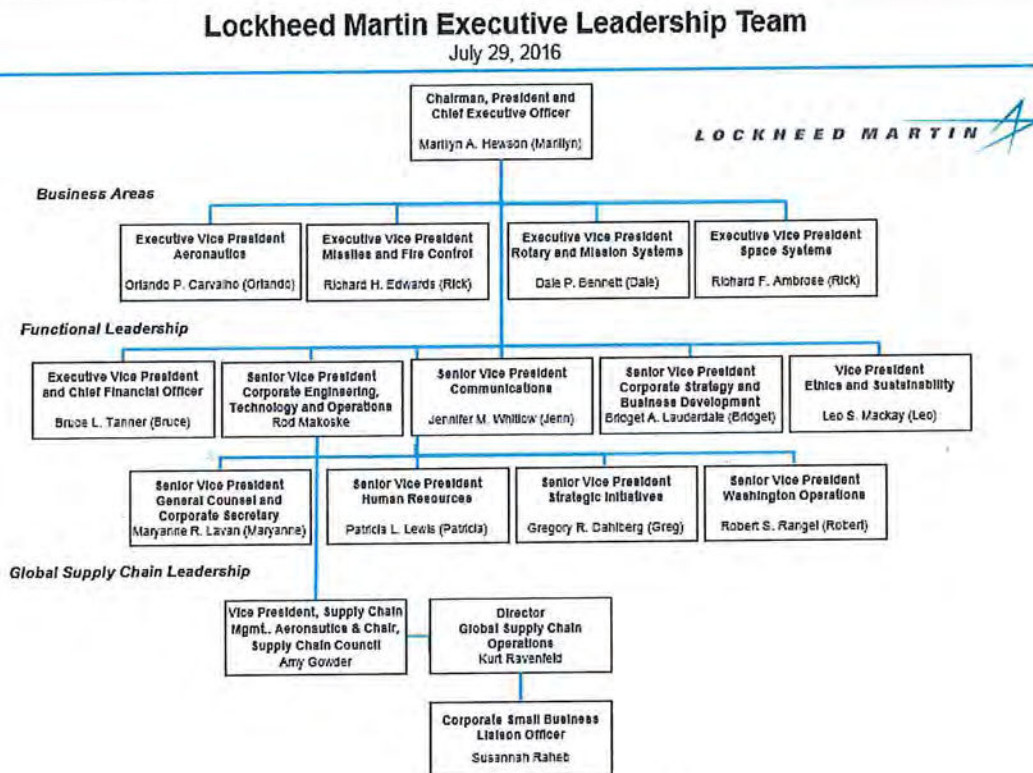
Lockheed Martin also has offers supplier-focused educational programs at both the corporate and business area levels. The corporation will continue to provide these development opportunities and assistance as well as research new programs to grow and help small businesses be able to compete against large firms. Some of the initiatives involving supplier training include: actively participating in the DOD Mentor Protégé Program and offering developmental and training assistance; offering Protégé 101 training courses to protégés and current proven small business suppliers; offering webinars to all small businesses on topics associated with doing business in the Aerospace and Defense industry; Lockheed Martin self-hosted events, and business area-focused training in pertinent development areas.

#### **17. DCMA 640 REVIEW**

Lockheed Martin will participate in annual DCMA 640 review activities.



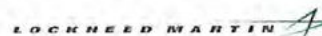
EXHIBIT 1  
Corporate Reporting Chain



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## EXHIBIT 2 Supplier Diversity Network Listing

### Supplier Diversity Representatives



Name	Business Area / Unit Name and Address	E-mail / Web Address	Phone
Susannah Raheb Supplier Diversity Sr. Mgr.	Enterprise Operations		
Oryia Bucken			
SD Program Manager			
Patricia A. McHugh			
EO Business Area Lead			
SD Compliance Program Mgr			
Marquita Peoples Gadsden			
SD Support Specialist			
Pat DeSanto			
CSP program Manager			
	AERONAUTICS		
Carol Linwood Supplier Diversity & Operations Director			
C. J. Anderson			
Diana Salgado			
Dorethy Juarez-McAllister			
Dudley Mecum			
Emma J. Stevens			
Merhelle Davis			
Miranda Todd			
Kate Connolly			
Raven Smith			
John Srekon			
Sony Truett			
Vakric Chetman			
	MISSILES AND FIRE CONTROL (MFC)		
Phyllis Grant Business Area Lead			
Lisa Courcy			
Connie Waters			
April Jackson			
	ROTARY AND MISSION SYSTEMS (RMS)		
Gary Harter Business Area Lead			
Chulio Jan			
Kim Luker			
Robyn Snyder			
Sheila Occhlin			
Teresa Torres			
Melissa Norris			
	SPACE SYSTEMS		
Bob Thompson Business Area Lead			
Betty L. Padilla			
Diane Garrett			
Michelle Butzke			

Supplier Information & Registration: [www.lockheedmartin.com](http://www.lockheedmartin.com)Systems for Award Management: <http://www.suagov>

Supplier Information Line: (877) LMC - SBLO

B2B Portal: [www.exostar.com](http://www.exostar.com)

Last Updated: 9/26/2016

FOR UPDATES VISIT [www.lockheedmartin.com/supplierdiversity](http://www.lockheedmartin.com/supplierdiversity)

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EXHIBIT 3  
Corporate Historical Subcontracting Performance

Subcontracting Past Performance - DoD Only													
Total Corporation	TOTAL	SB		SDB		WOSB		HUBZone		VOSB		SDVOSB	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
GFY 2008	13,355,374,934	29.3	3,910,567,992	5.0	672,787,403	7.5	998,498,137	1.7	226,184,066	3.7	495,800,632	1.1	151,237,838
GFY 2009	12,908,423,771	25.3	3,269,320,439	3.7	476,350,650	6.3	810,736,269	1.8	234,440,150	3.7	478,918,062	1.2	149,043,238
GFY 2010	15,342,885,627	26.0	3,982,899,169	3.4	518,470,888	5.6	864,987,289	1.6	246,317,319	4.0	618,662,662	1.7	264,458,309
GFY 2011	18,520,382,554	23.0	4,261,491,321	3.6	661,320,272	5.3	975,064,105	1.3	249,684,256	4.2	786,372,263	2.0	365,496,404
GFY 2012	16,989,985,760	23.6	4,003,517,557	3.7	630,708,040	5.0	853,584,661	1.3	223,959,773	4.2	714,977,545	1.9	316,453,367
GFY 2013	16,548,938,868	22.9	3,787,130,352	3.8	631,527,311	4.5	741,615,374	1.4	227,046,722	4.8	790,827,130	2.5	410,233,695
GFY 2014	20,068,707,044	17.2	3,353,250,726	3.4	653,794,640	3.3	691,109,252	1.1	206,362,293	2.8	539,564,846	1.1	212,300,304
GFY 2015	16,116,296,890	21.2	3,412,387,824	4.0	648,478,397	4.5	717,352,942	1.2	201,402,257	3.5	561,570,832	1.9	301,953,168
GFY 2016 Outlook	16,943,231,548	20.1	3,408,935,569	3.9	661,898,181	4.6	783,923,616	1.3	213,163,724	3.7	622,503,161	1.8	300,262,203

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## EXHIBIT 4

## Principal Products and Services to be Subcontracted by NAICS

NAICS Code	NAICS Description	LB	SB	SDB	WOSB	HUEZ	VOSB	SDVOSB
All Others	All other NAICS codes							

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## EXHIBIT 6

		SB				SDB				WOSB			
		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual	
		%	%	\$	\$	%	%	\$	\$	%	%	\$	\$

LARGE				EST SPEND			
Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual	
%	%	\$	\$	%	%	\$	\$

		SB				SDB				WOSB			
		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual	
		%	%	\$	\$	%	%	\$	\$	%	%	\$	\$

LARGE				EST SPEND			
Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual	
%	%	\$	\$	%	%	\$	\$

		SB				SDB				VOSB			
		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual	
		%	%	\$	\$	%	%	\$	\$	%	%	\$	\$

LARGE				EST SPEND			
Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual	
%	%	\$	\$	%	%	\$	\$

		SB				SDB				VOSB			
		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual	
		%	%	\$	\$	%	%	\$	\$	%	%	\$	\$

LARGE				EST SPEND			
Goal / Actual		Goal / Actual		Goal / Actual		Goal / Actual	
%	%	\$	\$	%	%	\$	\$

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**COMPREHENSIVE SUBCONTRACTING PLAN TEST PROGRAM  
GOVERNMENT FISCAL YEAR 2018 PLAN AGREEMENT  
EFFECTIVE OCTOBER 1, 2017 THROUGH SEPTEMBER 30, 2018**

**BETWEEN**

**DEFENSE CONTRACT MANAGEMENT AGENCY**

**AND**

---

***Lockheed Martin Corporation***

---

Government Official (s)

CSP Participant Official (s)

Tatia M. Evelyn-Bellamy 09/30/2017  
Director, Small Business Programs Division  
Small Business Center  
Small Business Ombudsman  
Defense Contract Management Agency

Philip Goslin 09/30/2017  
Vice President, Global Supply Chain,  
Rotary and Mission Systems, and  
Chair, Supply Chain Council  
Lockheed Martin Corporation

Susannah Raheb 09/30/2017  
Corporate Small Business Liaison Officer  
Lockheed Martin Corporation

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## SUMMARY OF GOVERNMENT FISCAL YEAR 2018 PLAN FOR LOCKHEED MARTIN

- List of CAGE Codes and DUNS number(s) (provided with proposed plan on insert 08/11/2017)
- List of Primed Contracts (provided with proposed plan on insert 08/11/2017)
- Target Industry Categories:  
[REDACTED]
- Target Initiatives:  
[REDACTED]

### GFY 2018 Goals Summary:

Business Size	Subcontracting Dollars	Subcontracting Percent i.e., 0.5%
Large	\$17,547,137,818	85.5%
Small	\$2,976,579,279	14.5%
<b>Total</b>	<b>\$20,523,717,096</b>	<b>100.0%</b>
SDB	\$353,168,330	1.7%
WOSB	\$425,854,679	2.1%
HUBZone	\$109,290,540	0.5%
VOSB	\$336,817,682	1.6%
SDVOSB	\$151,786,506	0.7%

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## EXHIBITS

- Exhibit 1 Corporate Reporting Chain
- Exhibit 2 Supplier Diversity Network Listing
- Exhibit 3 Supplier Diversity Strategic Framework
- Exhibit 4 Corporate Historical Subcontracting Performance
- Exhibit 5 Principal Products and Services to be Subcontracted by NAICS Codes
- Exhibit 6 [REDACTED]

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**Lockheed Martin Corporation  
Comprehensive Small Business Subcontracting Plan  
GFY 2018**

## **1. INTRODUCTION**

Lockheed Martin Corporation is pleased to be a corporate-wide participant in the Department of Defense (DOD) Comprehensive Subcontracting Plan Test Program. In accordance with program requirements, the subcontracting goals and objectives outlined herein represent the performance expectations and strategies for utilizing small business, small disadvantaged business (SDB), women-owned small business (WOSB), 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 2017 through 30 September 2018. 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 business consistent with the efficient performance of all government contracts. To reinforce that commitment, Chairman, President and Chief Executive Officer, Marillyn A. Hewson, annually issues a letter of commitment to Supplier Diversity.

Lockheed Martin recommends the goals 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 business, SDB, WOSB, VOSB, SDVOSB and HUBZone small business subcontractors 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 DOD contracts. Rationale is included for large business spend, details on subcontracting base and efforts to improve small business performance by business area, key business challenges by major program and delta changes from prior-year goals.

## **2. OVERVIEW**

### **Company Overview**

Lockheed Martin, headquartered in Bethesda, Maryland, is a global security and aerospace company that employs approximately 97,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. We also provide

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a broad range of management, engineering, technical, scientific, logistics, system integration and cybersecurity services. The corporation reported 2016 sales of \$47.2B, with a backlog of \$96.2B.

In 2016, 71% of our \$47.2 billion in net sales were from the U.S. Government, 27% were from international customers (including foreign military sales (FMS) contracted through the U.S. Government), and 2% were from U.S. commercial and other customers. Our main areas of focus are in defense, space, intelligence, and homeland security.

Each of the four business areas is comprised of one or more operating companies located across the United States. Supplier diversity professionals are strategically assigned to report up through the procurement function to support their business area and corporate initiatives. 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 protection, including combat, air mobility, special mission/reconnaissance aircraft and design and development of advanced systems.
- Missiles and Fire Control (MFC): Dallas, Texas – Recognized designer, developer and manufacturer of precision engagement aerospace and defense systems for the U.S. and allied militaries.
- Rotary and Mission Systems (RMS): Moorestown, New Jersey – Provides surface, air and undersea applications for U.S. military and international customers.
- Space Systems: Denver, Colorado – Leading system integrator of space products and services for military, civil and commercial application.

### **Management Commitment**

Lockheed Martin senior management recognizes that small business concerns are a critical national resource and are essential elements in the successful delivery of products and services (see Corporate Reporting Chain in Exhibit 1). Performance to the goals and objectives are reviewed by executives throughout the government fiscal year.

**Corporate:** The Senior Vice President of Corporate Engineering, Technology and Operations, reports to the Chairman, President and Chief Executive Officer. The Vice President, Global Supply Chain, Rotary and Mission Systems, and Chair, Supply Chain Council, reports to the Senior Vice President of Corporate Engineering, Technology and Operations, and is responsible for the supplier diversity organization. In this capacity, he is responsible for ensuring the

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corporation's policies and business practices do not adversely impact the ability of small businesses to participate in Lockheed Martin's subcontracting process.

The company employs a Corporate Small Business Liaison Officer to manage the operational activities of the program and to maintain appropriate strategic focus on supplier diversity initiatives. This leader reports to the Director, Global Supply Chain Operations, and provides direction to the corporation's supplier diversity team and is the administrator of this plan. The Director, Global Supply Chain Operations, reports to two individuals: 1) The Vice President, Global Supply Chain, Rotary and Mission Systems, and Chair, Supply Chain Council, for all responsibilities related to supply chain policy, enterprise initiatives and cross business area collaboration; and 2) The Vice President, Global Supply Chain, Missiles and Fire Control, for all Global Supply Chain Operations activities.

**Business Area:** The senior sourcing executive of each business area is required to designate a manager of supplier diversity. These individuals are responsible for managing the supplier diversity-related activities of their respective businesses. They are also responsible for ensuring that all subcontracting goals for their business areas are met, and emphasizing the development of small business concerns in each of the designated industry and special initiative categories. Each business area designates Small Business Liaison Officers to serve as the primary points of contact for small businesses and corporate personnel, and provides 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 and program management, special initiatives and supplier interaction all originate at this level. The Supplier Diversity Network Listing is shown in Exhibit 2.

### 3. CORPORATE POLICY

Lockheed Martin has established corporate policy statement CPS-113: Acquisition of Goods and Services addressing its key business processes and initiatives including Supplier Diversity. The policy statement is issued under the authority of the executive office and establishes standards of execution for the entire corporation.

Lockheed Martin has further established Supplier Diversity Procedure OPM-002. The procedure describes the methodology for forecasting and establishing supplier diversity goals and identifies measures for monitoring and addressing deficiencies in performance to these goals.

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#### 4. CORPORATE-WIDE GOALS

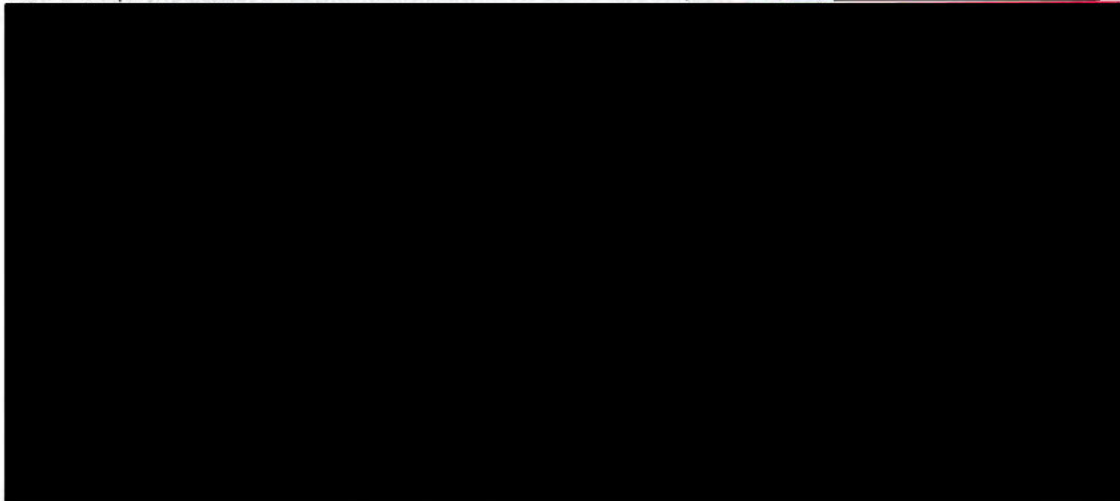
Lockheed Martin is committed at the corporate level to achieving goals outlined in this plan. The following goals have been established for GFY 2018.

Business Size	Subcontracting Dollars	Subcontracting Percent i.e., 0.5%
Large	\$17,547,137,818	85.5%
Small	\$2,976,579,279	14.5%
<b>Total</b>	<b>\$20,523,717,096</b>	<b>100.0%</b>
SDB	\$353,168,330	1.7%
WOSB	\$425,854,679	2.1%
HUBZone	\$109,290,540	0.5%
VOSB	\$336,817,682	1.6%
SDVOSB	\$151,786,506	0.7%

#### Overview

Lockheed Martin's goals are based on a thorough forecast process that consists of evaluating the following: current defense contracting environment; past performance; technology opportunities; changes to existing program and supplier base; new program wins; and high potential program wins. Lockheed Martin's programs span a wide variety of government offices and organizations, providing many small business suppliers ongoing subcontracting opportunities.

Lockheed Martin projects its total subcontracting base to increase from \$17.5B in GFY 2017 to \$20.5B in GFY 2018. This increase is driven primarily by [REDACTED]



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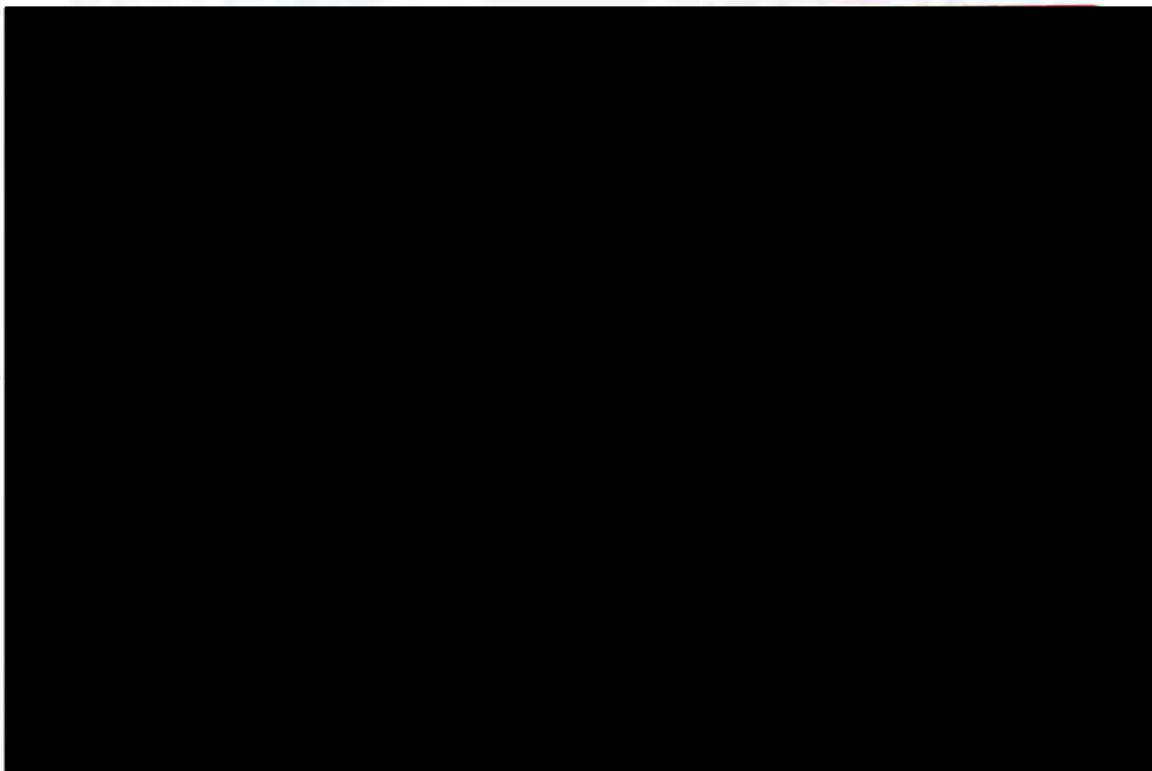
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To demonstrate the impact, the table below shows the MSP contribution to the Corporation's performance in GFY 2016:

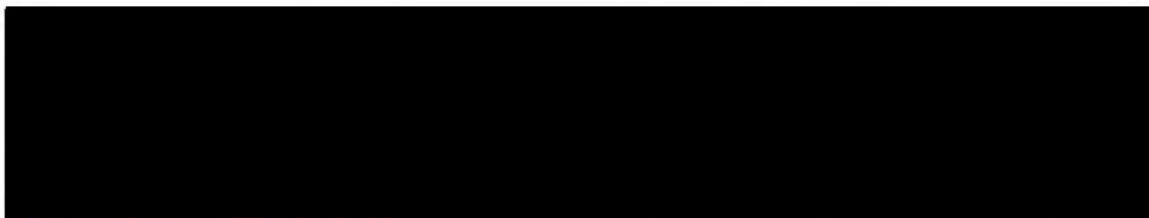
Impact of MSP on GFY2016 Performance					
	GFY 2016 Total LM Performance		GFY 2016 MSP	GFY 2016 LM Performance with MSP as LB	
	\$M	%	\$M	\$M	%
Small					
Large					
Total					
SDB					
WOSB					
HUBZone					
VOSB					
SDVOSB					



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The table below provides Lockheed Martin's projected subcontracting base distribution for GFY 2017 estimate at completion and GFY 2018 forecast by business area:

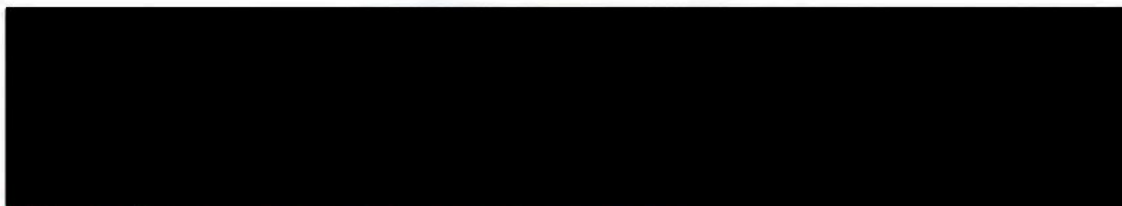
LM DoD Subcontracting Base By Business Area				
	GFY 2017 Outlook		GFY 2018 Goals	
	\$	%	\$	%
Aeronautics				
Missiles and Fire Control				
Rotary and Mission Systems				
Space Systems				
Enterprise Operations				
Total LM Projection				



The table below shows GFY 2017 Lockheed Martin procurements by DOD agency through June 2017:

#### GFY 2017 Agency Mix (\$M)

DOD Agency	YTD Q3 2017 Base	% of Total
Total		



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Total Large Fenced by Business Area	
Aeronautics	
Missiles and Fire Control	
Rotary and Mission Systems	
Space Systems	
Enterprise Operations	
Total LM	

<b>Lockheed Martin Procurements Reserved to Large Business</b>	
<b>Program</b>	<b>Estimated LB Base GFY2018</b>
[REDACTED]	[REDACTED]
TOTAL:	

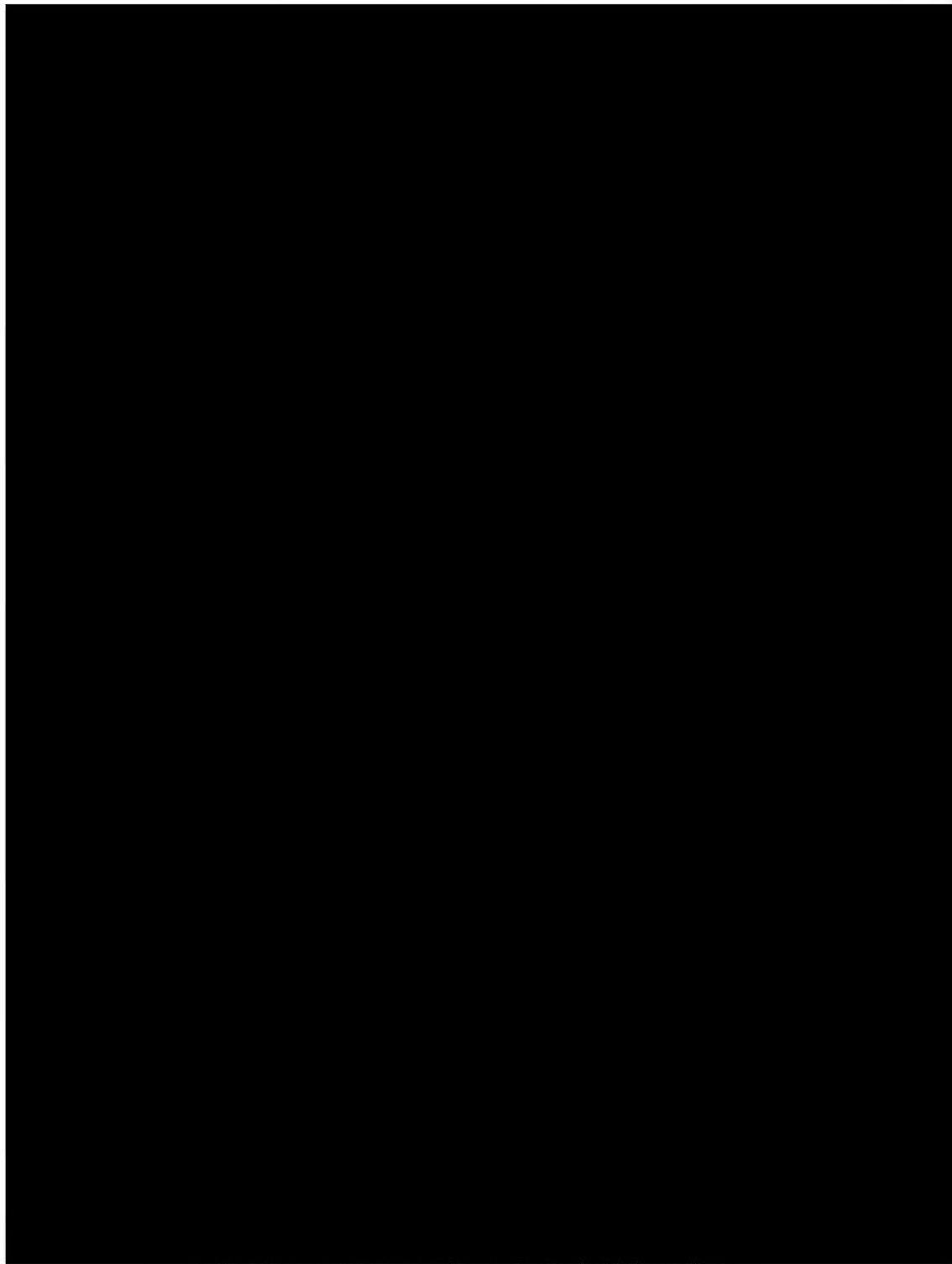
Lockheed Martin recognizes the cumulative impact of ever increasing constraints placed on practicable opportunity for small businesses, including subcontracting base reserved for large business and the changing defense contracting environment. As a result, Lockheed Martin has recently implemented strategic and non-traditional initiatives to aggressively pursue opportunities to include small business in procurement opportunities whenever possible. [REDACTED]

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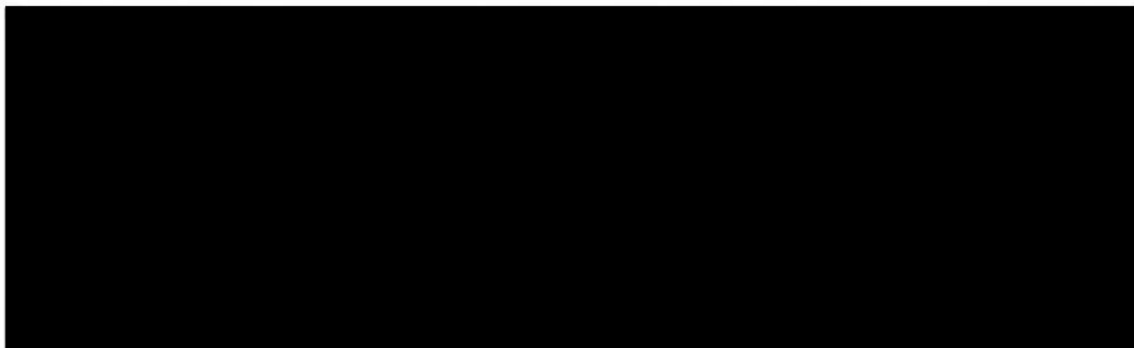
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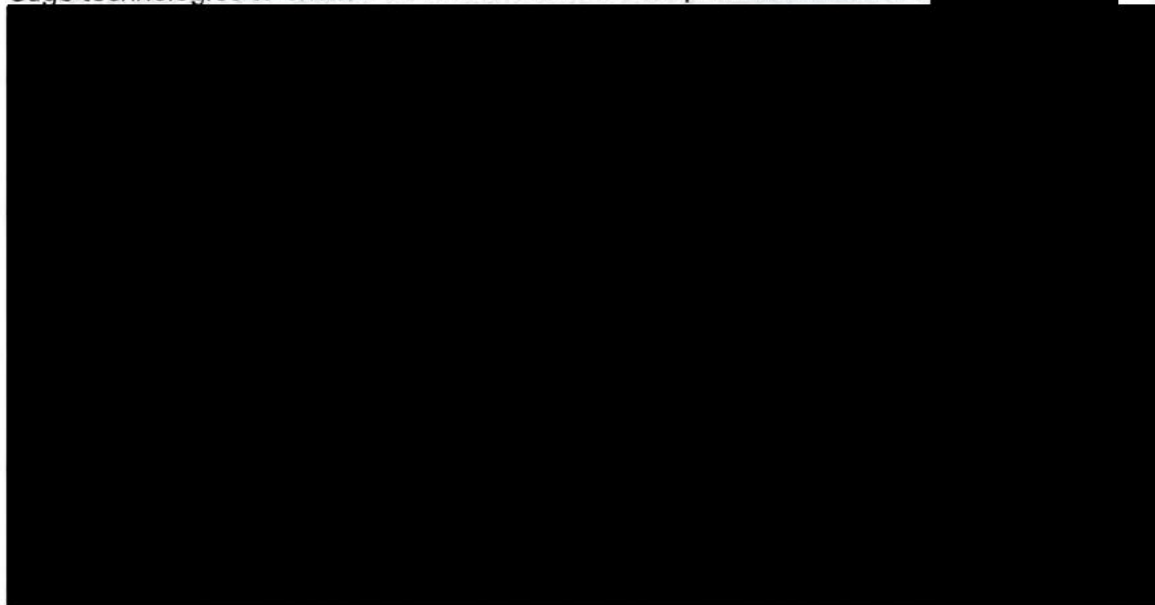


Lockheed Martin's GFY 2018 small business initiatives will continue focus on strategic approaches to proactively seek and secure the best small and diverse businesses available, identify non-traditional opportunities to allow them to bid on contracts and provide the necessary training and development to help them compete and sustain business. Lockheed Martin remains committed to small businesses and realizes it is now more important than ever that the supplier base continue to be diversified.

### **Business Area Overviews**

#### **Aeronautics**

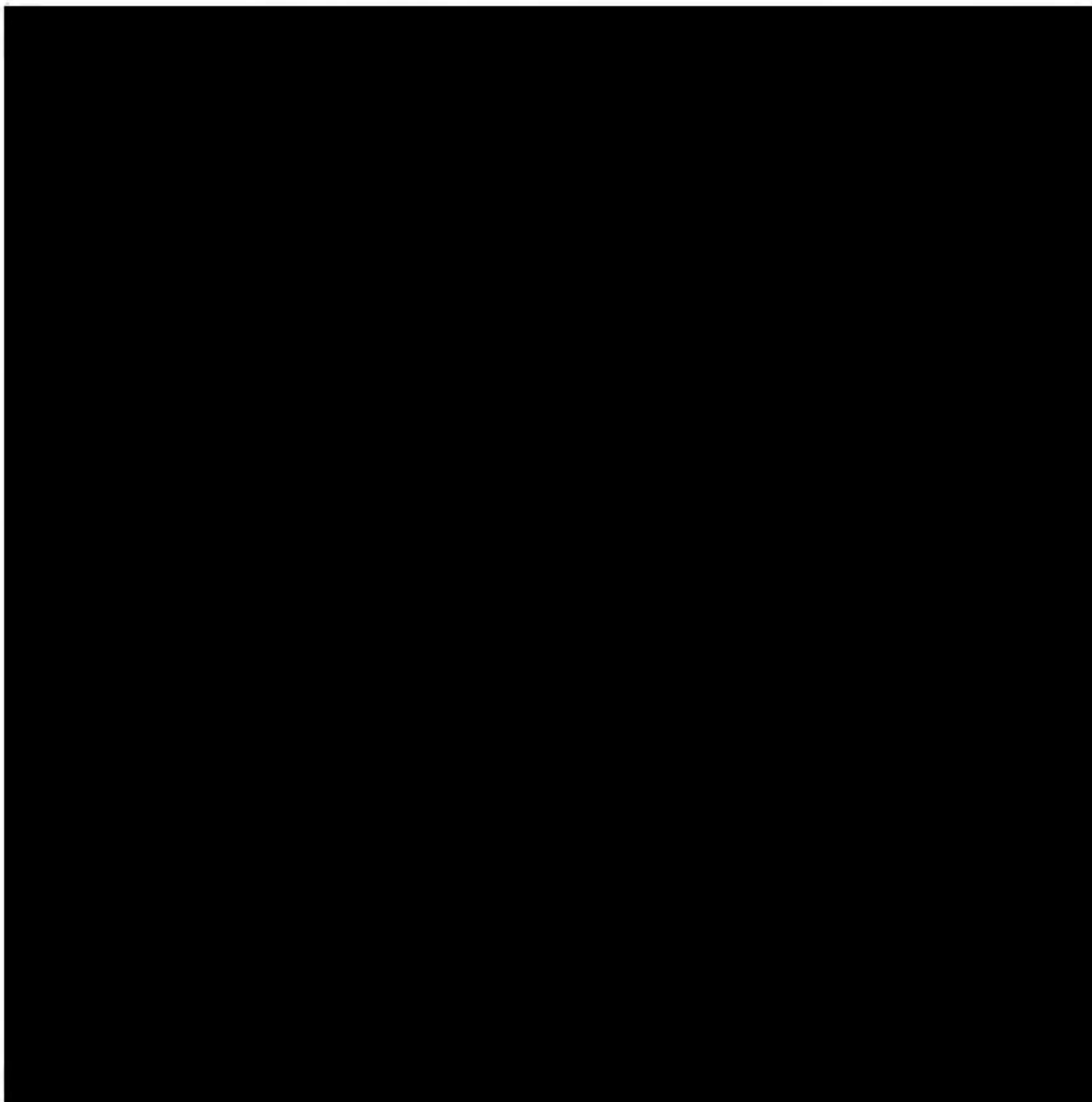
Aeronautics is a premier system integrator known for building the finest military aircraft in the world and providing world-class training, focused logistics support, and leading edge technologies to enable our customers to accomplish their missions.



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### **Missiles and Fire Control (MFC)**

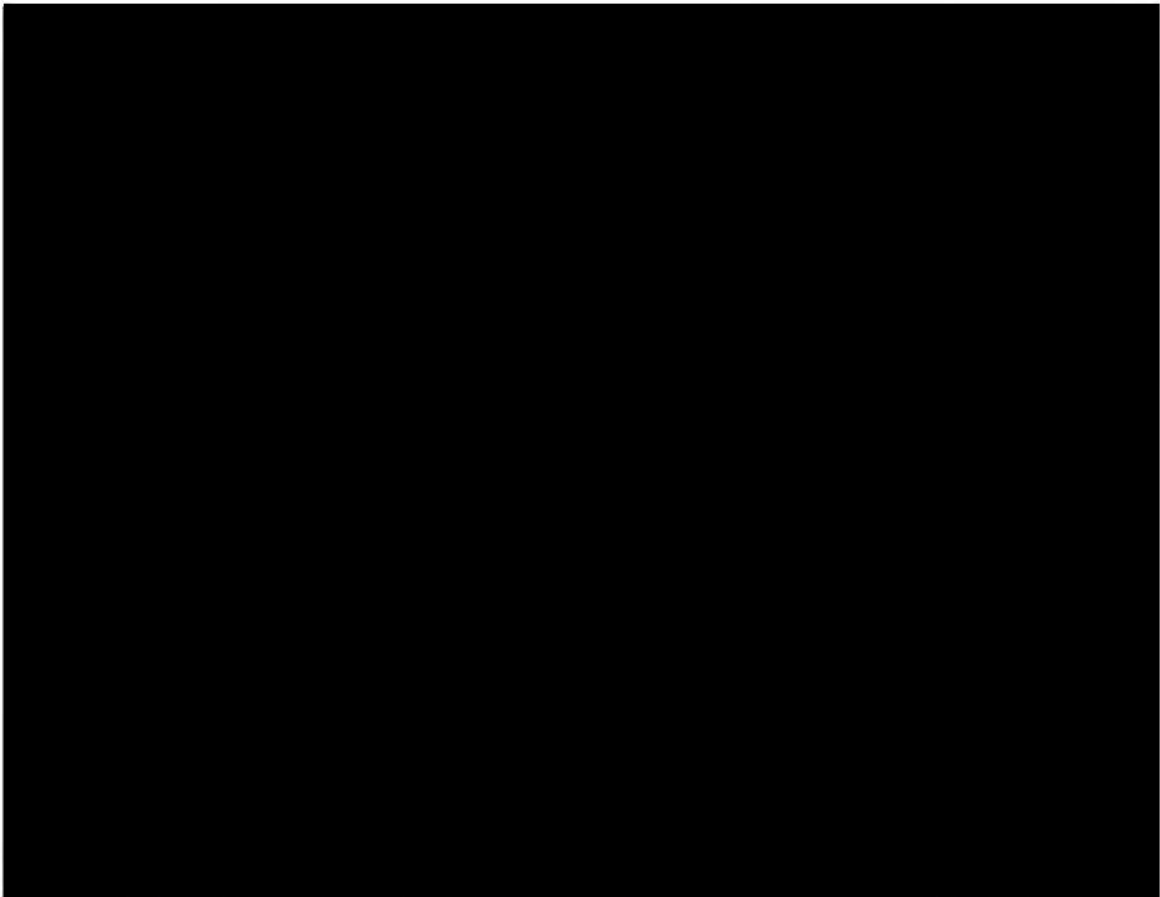
MFC designs, develops, produces and supports precision engagement aerospace and defense systems for the U.S. and allied militaries. MFC provides advanced combat, missile, rocket, manned and unmanned systems, in addition to products and services for the global civil nuclear power industry and the military's green power initiatives. The business area is a recipient of the Department of Commerce's Malcolm Baldrige Quality Award for performance excellence.

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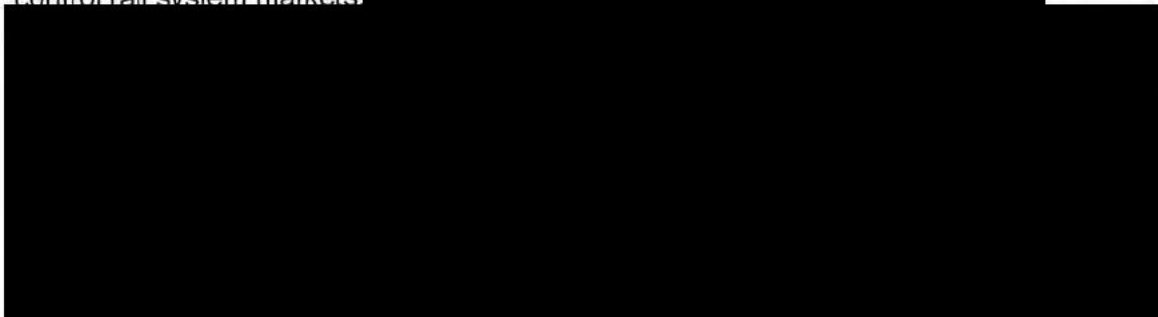


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### **Rotary and Mission Systems (RMS)**

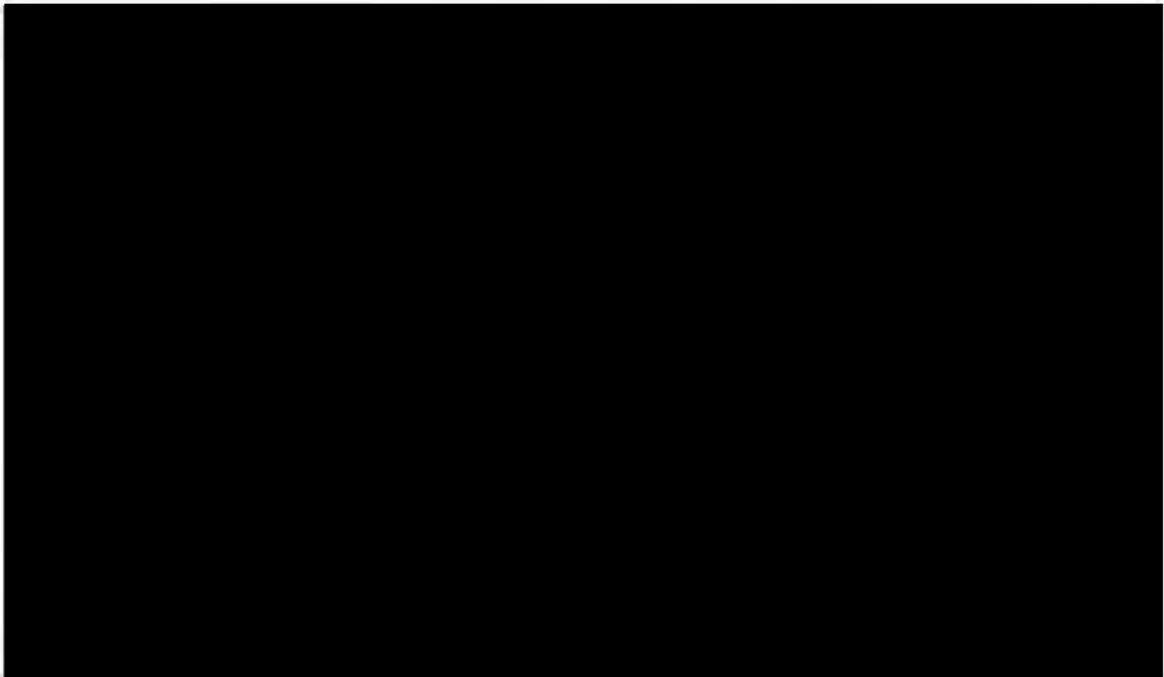
RMS provides systems engineering, software development, training solutions and complex program management for global security, civil and commercial markets. RMS draws on its core capabilities in advanced platforms and weapons, C4ISR, global sustainment, training and sensors. RMS also has leveraged its globally recognized systems engineering and software expertise to provide solutions to command and control rail system markets.



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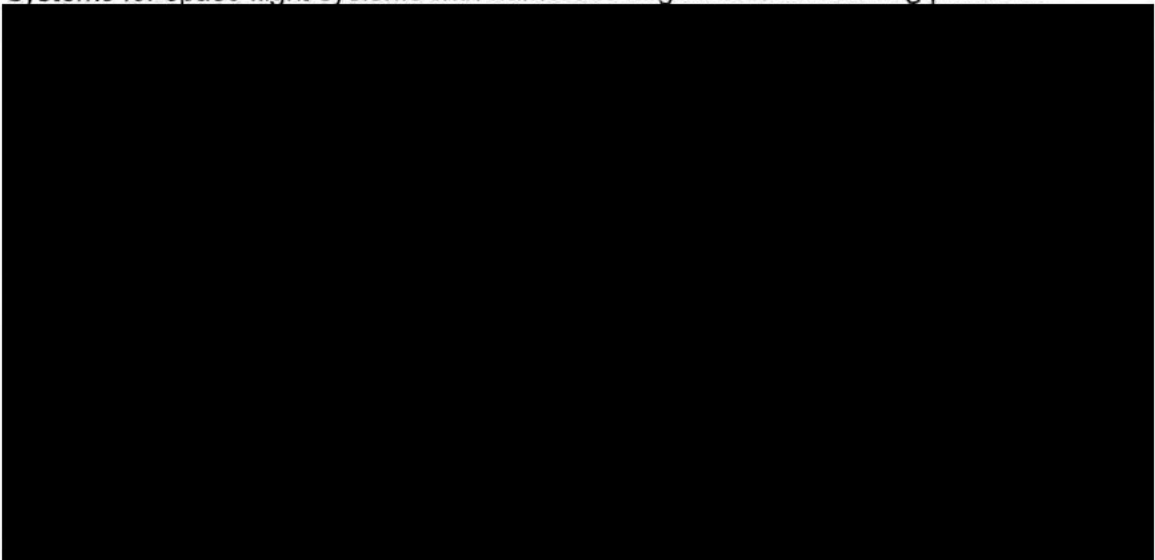
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### **Space Systems Company (SSC)**

Space Systems designs, develops, tests, manufactures and operates technology systems for space flight systems with numerous large business teaming partners.



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### **Basis for Establishing Goals**

Lockheed Martin requires its business areas to develop annual subcontracting forecasts for the DOD, other federal government agencies and commercial customers. These forecasts are reviewed with the vice presidents of the Global Supply Chain Operations business area organizations and challenging goals are established based on anticipated program commitments and opportunities for the government fiscal year. A final review of all forecasts is conducted with the Vice President, Global Supply Chain, Rotary and Mission Systems, and Chair, Supply Chain Council. The performance and accomplishments realized in support of achieving the negotiated subcontracting goals are tracked in the executive performance reviews.



### **Other Factors and Risks**

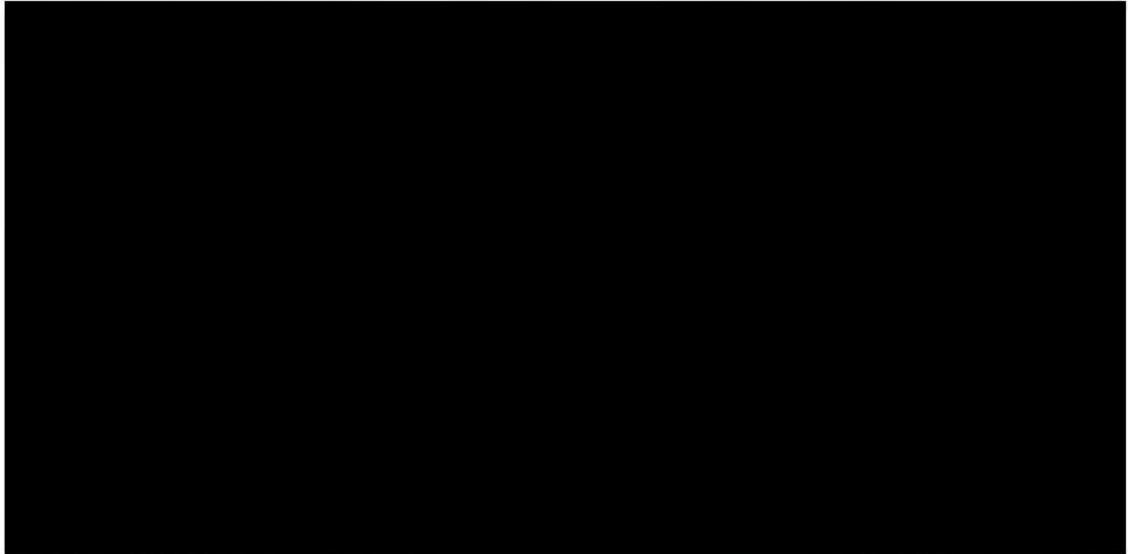


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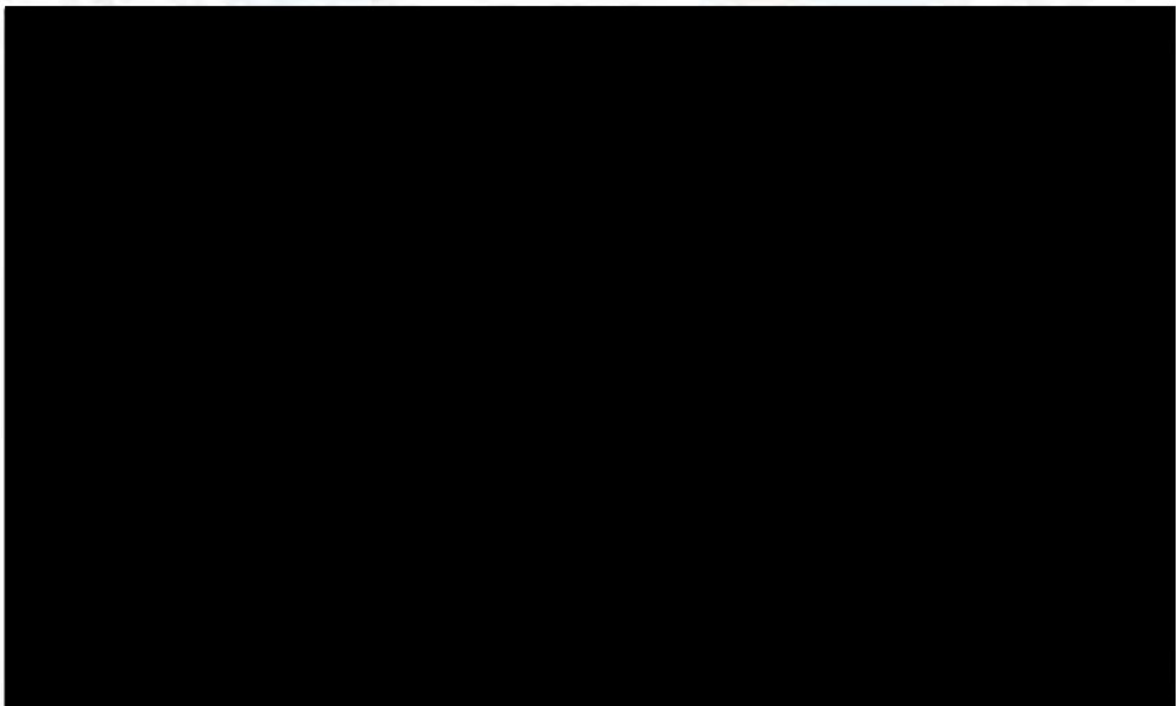


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5. Lockheed Martin acquired Sikorsky Aircraft from United Technologies Corporation on November 6, 2015. Sikorsky will remain on a separate CSP for GFY 2018 since the two companies are currently operating as two separate wholly-owned subsidiaries.

**Indirect Allocations**



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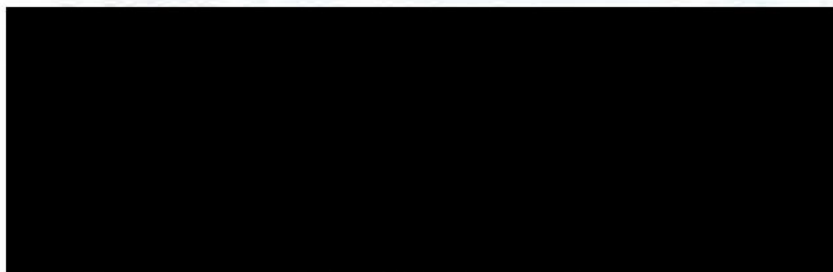
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The following table identifies the indirect allocation percentages utilized in the GFY 2018 forecasting process:

Business Area	GFY 2018 Forecast Indirect Allocation % Utilized
Enterprise Operations	
Aeronautics	
Missiles and Fire Control	
Rotary and Mission Systems	
Space Systems	

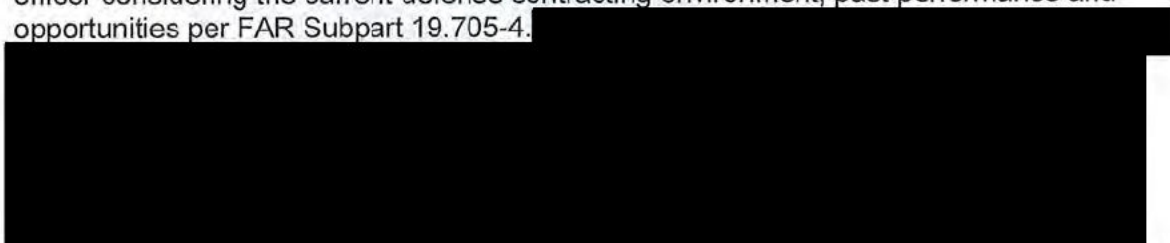
The following listing is representative of the various products and services that comprise indirect procurements:



A complete list of top principal products and services to be subcontracted by NAICS Codes can be found in Exhibit 5.

### Summary

Lockheed Martin recommends the proposed goals be accepted by the contracting officer considering the current defense contracting environment, past performance and opportunities per FAR Subpart 19.705-4.



Based on the considerable analysis utilized to establish the corporation's GFY 2018 Comprehensive Subcontracting Plan, Lockheed Martin believes the GFY 2018 subcontracting goals reflect maximum practicable subcontracting opportunity to small

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