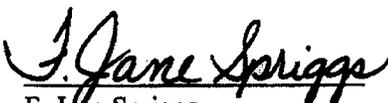


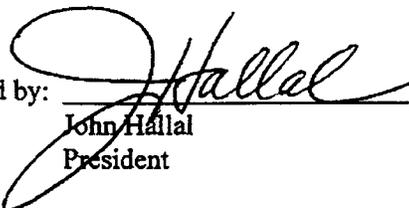
**Memorandum of Agreement
Comprehensive Small Business Subcontracting Plan**

Lockheed Martin Information Systems
12506 Lake Underhill Road
Orlando, Florida 32825

The effective date of this plan is:

October 1, 1999 through September 30, 2000

Prepared by: 
F. Jane Spriggs
Small Business Liaison

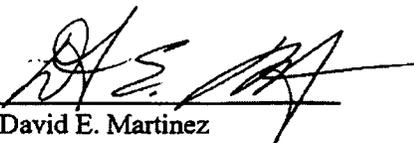
Approved by: 
John Hallal
President

This plan has been prepared pursuant to Section 834 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 as extended by Section 7103 of the Federal Acquisition Streamlining Act of 1994.

Agency Approval:

This Comprehensive Small Business Subcontracting Plan has been reviewed and approved by the cognizant Administrative Contracting Officer.

The plan is to be used on all Department of Defense contracts in accordance with DFAR 252.219-7004.

Approved by: 
David E. Martinez
Divisional Administrative Contracting Officer

Date: Oct 12, 1999

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**Lockheed Martin Information Systems
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1. INTRODUCTION

Lockheed Martin Information Systems (hereinafter referred to as "LMIS") is pleased to submit a Comprehensive Small Business Subcontracting Plan under the Department of Defense (DOD) Test Program. LMIS is voluntarily participating in this program. Operation under this program enables LMIS to focus its resources on increasing subcontracting opportunities for small businesses, small disadvantaged businesses, women-owned small businesses and historically underutilized business zone (HUBZone) small businesses with a "total company" approach.

LMIS is one of fifteen companies within the Information & Services Sector of the Lockheed Martin Corporation. It is a multimillion dollar business segment of this sector whose major customers consist of various U.S. Government agencies as well as agencies of foreign governments and commercial clients. LMIS provides a wide variety of information-related products and services structured into two major product areas: Training and Support Solutions and Federal Systems Integration Solutions.

The company's Training and Support Solutions programs share a common heritage of high-end, computer-driven technology to provide end users with access to information drawn from complex systems. Under this technology initiative are programs in automated test systems, automated logistics systems, live training systems, virtual training systems, and simulation modeling.

The company's Federal Systems Integration Solutions programs include automated fingerprint identification technologies and products as well as computer systems integration and management.

The DOD calendar year sales for 1999 are projected to be \$577.2M. The projected DOD sales for 2000 are \$492.9M. The DOD customer base includes the Army, Navy and Air Force.

Historically, LMIS has endorsed and fully supported corporate policy that discrimination shall not exist in any area of Lockheed Martin in regard to the terms and conditions of employment and the general conduct of Company business. LMIS is strongly committed to the purpose and objectives of their Small Business Program and the management has long recognized that inclusion of small businesses in their business plans is critical to customer satisfaction.

2. DEFINITIONS

As used throughout the Plan, the following terms have the definitions indicated below:

"Small business" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR Part 121.

"Historically black colleges and universities" means institutions determined by the Secretary of Education to meet the requirements of 34 CFR 608.2.

"Minority institutions" means institutions meeting the requirements prescribed by the Secretary of Education at 34 CFR 607.2. The term also includes any nonprofit research institution that was an integral part of a historically black college or university before November 14, 1986.

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"Small disadvantaged business" means a small business concern that is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business having at least 51 percent of its stock owned by one or more socially and economically disadvantaged individuals and has its management and daily business controlled by one or more such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by one of these entities, that has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization, and that meets the requirements of 13 CFR 124. LMIS presumes that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Asian-Pacific Americans, Subcontinent Asian Americans and other minorities, as well as any other individuals found to be disadvantaged by the Small Business Administration pursuant to Section 8(a) of the Small Business Act. For the purposes of the Plan, the term includes historically black colleges and universities and minority institutions as defined above.

"Socially disadvantaged individuals" means individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their qualities as individuals.

"Economically disadvantaged individuals" means socially disadvantaged individuals whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged.

"Woman-owned small business concern" means a small business which 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 whose management and daily business operations are controlled by one or more women.

"HUBZone small business concern" means a small business concern that appears on the list of qualified historically underutilized business zone (HUBZone) small business concerns maintained by the Small Business Administration (SBA).

"Contract" means any contract between LMIS and the U.S. Government or any subcontract where LMIS is a subcontractor to a prime contractor or higher tier contractor under an U.S. Government contract.

3. POLICY

In furtherance of the policy of the U.S. Government to facilitate participation in Government contracting by small businesses, it is the policy of Lockheed Martin Corporation to afford small businesses, small disadvantaged businesses, women-owned small businesses, and HUBZone small businesses maximum practicable opportunity to compete for and furnish materials and services required by LMIS for performance of both government and commercial programs. This policy is set forth in the Lockheed Martin Corporation Policy CPS-040: Small Business Development Program, which states "It is Lockheed Martin policy that its business units will conduct socioeconomic subcontracting programs in recognition of compelling moral, social and economic necessities. It is also Lockheed Martin policy to facilitate the achievement of its negotiated subcontracting goals by developing the capabilities of, and pursuing opportunities to award subcontracts and other procurements to, small businesses, small

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disadvantaged businesses, women-owned small businesses, Historically Black Colleges and Universities, and other minority institutions.”

LMIS also has a local small business policy statement signed by the Company President that reinforces the commitment made at the corporate level.

LMIS provides progress payments to small businesses and small disadvantaged businesses, in conformity with the standards for customary progress payments stated in FAR Subpart 32.5. The need for such progress payments is not considered as a handicap or adverse factor in the award of subcontracts.

LMIS, through normal operating procedures, complies with relevant government regulations, as evidenced by sections of the Material Acquisition Procedure Manual. The operating procedures are periodically reviewed and evaluated by cognizant government representatives and have consistently been found satisfactory and in compliance with regulations.

4. CERTIFICATION OF SUPPLIER CLASS

Currently LMIS requires subcontractors to certify as to their status as a large business, small business, small disadvantaged business, women-owned small business, HUBZone small business, Historically Black College & University or minority institution. New subcontractors must provide such certification prior to receipt of the first purchase order. Under this procedure, LMIS relies in good faith on the self-certifications provided by subcontractors and prospective subcontractors. Notice is provided to subcontractors, similar to that in the solicitation provision of FAR 52.219-1, concerning penalties for misrepresentations of business status as small business for the purpose of obtaining subcontracts.

For purchase order placements related to DOD contracts containing the revised FAR 52.219-9 clause (Reference Federal Acquisition Circular 97-13, contained in solicitations dated on or after October 1, 1999), LMIS will consider a company to be a small disadvantaged business only if they have been certified as such by the Small Business Administration (SBA). LMIS will rely on the SBA's online PRO-Net System to validate the status of these companies. However, it should be noted that the projections provided in this Plan are related to previously awarded or anticipated DOD contracts that do not contain the certification requirement.

The PRO-Net System will also be used to confirm the status of any company that is claiming to be certified as a HUBZone small business.

5. ADMINISTRATION OF THE PLAN

To ensure maintenance and optimum improvement of the high performance standards set forth for the company's Small Business Program, an Executive Steering Committee was established in 1995 composed of all directors and vice presidents in the company. The committee, led by the Vice President of Operations meets quarterly to provide guidance to the program.

The LMIS Small Business Liaison Officer is responsible for directing the Company's daily efforts to assure that the policy described in Section 3 above is fully carried out.

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Small Business Liaison

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The Small Business Liaison's primary responsibilities are to:

- (a) Administer all aspects of the Comprehensive Test Plan including: (1) development of annual company-wide goals for small business concerns, small disadvantaged business concerns, women-owned small business concerns, and the two industry categories identified in the Plan; (2) cooperation with Government personnel in connection with any periodic reviews conducted in connection with the Plan.
- (b) Develop subcontract plans including percentages and goals for participation of small business and small disadvantaged business concerns as requested by the Contracting Officer for non-Department of Defense contracts, proposals, and modifications with a value of \$500,000 or more where the proposed effort offers subcontracting possibilities.
- (c) Work directly with and advise all functional organizations of LMIS and the corporation on any areas relating to small business, small disadvantaged business, women-owned small business, and HUBZone small business.
- (d) Issue policy memorandums and internal operating instructions relative to implementation requirements of Public Law 95-507, other relevant public laws, and applicable implementing regulations.
- (e) Participate in the establishment of goals and objectives for each business area and provide management, on a monthly basis, reports which track progress toward goal accomplishment.
- (f) Conduct training of LMIS personnel.
- (g) Provide assistance and counsel to small businesses, small disadvantaged businesses, women-owned small businesses and HUBZone small businesses regarding subcontracting opportunities and LMIS procurement procedures with respect to such matters as bid preparation, quality requirements, schedule requirements, availability of progress payments and assistance with understanding and complying with contractual requirements.
- (h) Establish, monitor and control reporting for LMIS management, procurement personnel, corporate personnel, and Government agencies.

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- (i) Compile and maintain source directories on current potential small businesses, small disadvantaged businesses, women-owned small businesses and HUBZone small businesses to aid procurement personnel in locating and contracting with such concerns.
- (j) Represent LMIS in matters relating to the small business subcontracting program with cognizant Government agencies including components of the DOD and the Small Business Administration, as well as state and local agencies, local Chambers of Commerce, national and regional purchasing councils, and other organizations.
- (k) Cooperate with local Small Business Administration representative with respect to periodic reviews and/or opportunity referrals.
- (l) Assure that small businesses, small disadvantaged businesses, women-owned businesses and HUBZone small businesses are given consideration in make-or-buy decisions.
- (m) Participate and/or sponsor programs providing training and business related information to small businesses, small disadvantaged businesses, women-owned businesses and HUBZone small businesses. Actively involve Historically Black Colleges and Universities/Minority Institutions (HBCU/MI) in this effort whenever possible.
- (n) Provide counsel and administrative support to the Mentor-Protégé Program Managers.
- (o) Implement special LMIS initiatives for HBCU/MI, women-owned small businesses, and HUBZone small businesses.
- (p) Attend small business procurement conferences and trade fairs.
- (q) Ensure managers and employees are recognized and rewarded for exceptional performance and initiative in support of the Small Business Program.
- (r) Organize and administer an annual small business supplier recognition program.

6. COMPANY-WIDE GOALS

The LMIS percentage and dollar goals for awards to small businesses, small disadvantaged businesses and women-owned small businesses for FY00 are provided on Appendix A. The goals include the performance of two off-site LMIS operations: Electro-Optical Systems in Pomona, California and Huntsville, Alabama. These two off-site operations became part of LMIS in 1997 as a result of the Lockheed Martin – Loral merger that took place in 1996.

Also, note that the goals include procurement projections for RAMAC, a subsidiary of Lockheed Martin Corporation, operating out of the Huntsville facility and supported by the LMIS procurement staff. RAMAC is engaged in service contracts for the maintenance of military ranges and bases with minimal purchases for such items as fuel, lumber and offices supplies.

Collectively, the DOD related procurement commitments of these sites account for only 5.4% of the LMIS FY00 procurement base. These sites are continuing to project a decrease in DOD contract awards from previous years. Their FY00 business base is primarily focused on commercial and foreign

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programs. The EOS Pomona and Huntsville sites are build-to-print operations of military training devices. Their programs are typically short-term, low value contract awards for mature technologies with procurement requirements in the area of metal fabrication, printed circuit boards, cable assemblies and piece parts. As with each of the LMIS Mission Areas, these operations will make every effort to contribute, where possible, to the success of the overall LMIS program. However, their size and product lines limit the contributions they are capable of making.

The Huntsville operation does not currently utilize the LMIS electronic purchasing system; therefore, the Small Business Liaison at that location provides small business statistics to Orlando on a monthly basis.

The Pomona operation is scheduled to close by the end of the first quarter of calendar year 2000. At that time, all purchase order records will be transitioned to the LMIS headquarters in Orlando.

7. TWO INDUSTRY CATEGORIES FOR DEVELOPMENT

The industry categories in the FY99 Plan were Commercial Technology Applied to Simulation and Interactive Electronic Technical Manuals (IETM) Development.

The Commercial Technology Applied to Simulation category includes virtual simulation, data modeling, graphical user interface design and the introduction of PC-based products into interactive simulation systems. LMIS was successful in surpassing their goals over the last two years in this industry category by focusing on three women-owned high technology companies for product and services that permit military-based simulators to benefit from state-of-the-art commercial technology. LMIS will continue to focus on this industry category in FY00 with opportunities identified for women-owned small businesses on two existing simulation programs and one anticipated contract.

The FY00 goals for this industry category are provided below. These projections are based on purchase order placements with at least three known women-owned small businesses in support of DOD and commercial contracts that LMIS has been previously awarded or anticipates receiving in FY00.

Commercial Technology	FY98	FY98	FY99	FY99	FY00
Applied to Simulation	Goals	Orders	Goals	Orders	Goals
TOTAL AWARDS	\$250,000	\$673,153	\$300,000	\$713,207	\$630,000
WOSB AWARDS	\$250,000	\$673,153	\$300,000	\$713,207	\$630,000
WOSB % OF TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

With regard to the IETM category sited in the FY99 Plan, purchase order placements for conversion services have been impeded by technical difficulties LMIS has experienced with the Automated Conversion System, the LMIS tool used to convert the legacy paper documents to interactive databases. Consequently, LMIS technical personnel to facilitate trouble shooting and real-time application improvements performed much of the FY99 conversion tasks. The total procurement projection of \$500,000 was based on receipt of several awards within the ACS business area, most of which were

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not realized. In FY99, Avionics Research, a small business, provided one individual, on a part-time basis, to support this effort. LMIS definitized a contract with Bethune Cookman College, an HBCU located in Daytona Beach, in April 1998 to employ one student as a conversion specialist. Due to the difficulties with the system, LMIS has been unable to utilize students in FY99. LMIS anticipates falling significantly short of the award projection within this industry category in FY99, with no plans to continue the effort into FY00. Therefore, LMIS has chosen to eliminate this service area as an industry category.

In order to select a replacement for the IETM category, LMIS examined their previous procurements in the manufacturing area to identify a product that has not been traditionally purchased from small disadvantaged and/or women-owned small businesses. Circuit card assemblies were identified as a manufactured item that was consistently purchased from large businesses or small businesses that were other than small disadvantaged or women-owned small businesses. LMIS has recently identified at least one small disadvantaged business and one women-owned small business that appears qualified to produce a portion of the FY00 requirements.

The goals for this new industry category are provided below. The total award projection includes anticipated order placements with large business and each of the small business classifications; however, it does not include procurements that will be made from customer directed sources.

Circuit Card Assemblies	FY00 Goals
TOTAL AWARDS	\$240,000
SDB/WOSB AWARDS	\$150,000
SDB/WOSB % OF TOTAL	62.5%

Any subcontract awards made to small disadvantaged businesses, women-owned small businesses or Historically Black Colleges & Universities under the provision of these two industry categories count toward attainment of the overall goals established in the preceding section.

The off-site LMIS operations are not in a position to contribute to the Commercial Technology Applied to Simulation industry category, since these services are quite specific to Orlando-based programs. However, it is possible that the Huntsville operation will contribute to the goals set forth for the Circuit Card Assemblies category.

8. METHODS OF DEVELOPING GOALS

Goals are expressed in both percentages and dollars of the total amount estimated to be subcontracted. Goals are established based on the nature of contractual requirements and the availability of qualified sources, with due regard to satisfying the requirements of LMIS contracts. While LMIS makes the same efforts to increase small businesses, small disadvantaged businesses and women-owned small businesses participation in commercial programs as in the U.S. Government programs, the goals established for this Plan, and all reports made pursuant to this Plan, exclude all subcontracting charged to commercial programs. Likewise, the goals and reporting exclude subcontracting under non-Department of Defense U.S. Government contracts. The goals for the two industry categories were

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established based on the nature of contractual requirements, the availability of qualified sources, and analysis of future business trends on military programs.

The specific goals contained in this Plan represent the culmination of projections made by the two DOD-related Mission Areas of LMIS (inclusive of off-site operations): Training & Simulation Solutions and Support Solutions. The Mission Area Vice Presidents, working in conjunction with their respective Program Subcontract Manager, must first project their purchase order placements for the fiscal year. They will then establish small business, small disadvantaged business and women-owned small business goals. This is typically based on historical performance along with trends toward increasing participation. As stated in Section 4, Certification of Supplier Class, the projections provided in this Plan are related to DOD contracts that do not contain the clause requiring certification of small disadvantaged businesses.

Once the Mission Area values are aggregated the percentages are then reviewed by top management to determine if they are aggressive, yet achievable. If necessary, each Mission Area will be challenged to improve upon their initial input until such time that all three goals are deemed acceptable. The Company President has the ultimate approval of the entire plan including the goals.

LMIS experienced an exceptional year in FY99 with regard to the utilization of small businesses, including small disadvantaged businesses and women-owned small businesses. Both dollar value and percentage goals will be exceeded in all three categories. The mix of DOD related programs have remained relatively steady for LMIS over the last three years. This stability enabled the company to establish a strong base of qualified small business, small disadvantaged businesses and women-owned small business suppliers. LMIS took full advantage of every opportunity to involve these suppliers on each new and existing program.

In FY99 LMIS made a business decision to aggressively pursue major contract opportunities in the area of aviation simulation systems. To ensure a competitive edge in this marketplace, LMIS selected teammates that are recognized specialists in the aviation simulation field. These specialists are large businesses suppliers that are slated to received a significant portion of the subcontract dollars related to these contract awards. The FY00 projections provided in this Plan reflect the impact of that business strategy.

The dollar value goals established for FY00 represent an increase over the dollar value goals of FY99 in all three categories: small business, small disadvantaged and women-owned small business. However, the mix of FY00 procurements, which includes several teaming agreements with large businesses, does not afford LMIS the opportunity to establish increased percentage goals in the small disadvantaged business or women-owned small business categories. In fact, the 6.6% small disadvantaged business goal represents a one million dollar challenge based on the bottoms-up projection exercise LMIS utilized to develop the goals.

LMIS has committed to establishing a local pool of pre-qualified small disadvantaged and women-owned small businesses that can provide software engineering services on a time and material basis to augment programs as resource needs vary throughout the year. This effort will be initiated in FY00 with hopes that the FY01 commitments will reflect the results of this plan.

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Indirect costs are also used in formulating the goals. The indirect portion of the goals are calculated based on an estimate of the indirect costs applicable to the planned subcontracting effort considering historical small business, small disadvantaged business and women-owned business participation in subcontracted materials and services which are charged as indirect costs allocable to U.S. Government contracts under LMIS's cost accounting system.

9. DESCRIPTION OF PRODUCTS AND SERVICES TO BE PURCHASED

The following is a representative, but not an all inclusive, list of commodities and services that LMIS typically buys from small businesses, small disadvantaged businesses and women-owned small businesses:

Commodity/Service	Supplier Classification		
	SB	SDB	WOSB
Cable Assemblies	X	X	
Circuit Card Assemblies	X	X	X
Clerical Contract Labor		X	
Computers Accessories	X	X	X
Connectors	X	X	X
Crew Compartment Seats	X		
Displays		X	X
Electronic Assemblies	X		X
Enclosures	X		
Fasteners	X	X	X
Image Generators	X		
Integrated Circuits			X
Janitorial Services			X
Machining	X	X	X
Major Electro-Mechanical Subassemblies	X	X	
Miscellaneous Electronics	X	X	X
Office Supplies	X	X	X
Optics	X		X
Power Supplies	X		X
Printed Wiring Boards		X	X
Commodity/Service	Supplier Classification		
	SB	SDB	WOSB
Relays	X	X	X
Security Guard Services			X
Sheet Metal Fabrication	X	X	X
Software	X	X	X
Technical Contract Labor	X	X	X
Wire & Cable	X	X	X

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10. IDENTIFICATION AND DEVELOPMENT OF POTENTIAL SOURCES

LMIS maintains source directories for small business, small disadvantaged business, women-owned small business, and HUBZone small business concerns. These directories are supplemented through information shared by the Lockheed Martin Corporate office and other Lockheed Martin companies and divisions.

Source listings from the following sources are used to the maximum practicable extent to assure that small business, small disadvantaged business, and women-owned business concerns are identified as potential sources: the Small Business Administration's PRO-Net System, Try Us Directory, the National Minority Purchasing Council and its Regional Purchasing Councils, the Minority Business Development Agency in the Department of Commerce, Minority Business Development Centers, and various Chambers of Commerce. Source listings are also obtained from various industries and trade organizations.

LMIS representatives regularly attend and actively participate in federal procurement conferences, trade fairs, corporate meetings, industry conferences, seminars and related functions to seek new small business, small disadvantaged business, and women-owned small business sources. In addition, LMIS sponsors trade fairs in an effort to attract specific types of small business suppliers. Other local prime contractors are invited to attend these events. For example, LMIS hosted a National Trade Fair and Conference targeting Native American Indian-owned small businesses in late September 1998 entitled "Building Partnerships with Native Americans". In hopes of attracting a greater number of exhibitors, the event was held in Albuquerque, NM, where the Native American Indian population is significant. The event featured 50 high technology companies that are owned and operated by one or more Native American Indians. Several other Lockheed Martin operating units from across the nation supported the event. Over 300 individuals were in attendance including government representatives and other prime contractors. Positive feedback was received regarding the event and LMIS has purchase order placements with eight of the 50 exhibitors.

Lockheed Martin Missiles and Fire Control (formerly Electronics & Missiles) has asked LMIS to join them as a co-sponsored for an internal trade fair featuring Historically Black Colleges & Universities and minority institutions to be held later this year. The corporate office is also considering hosting an event of this nature in the near future.

LMIS anticipates hosting an internal trade fair for HUBZone small businesses in early 2000. At the time this Plan was developed there were less than 250 companies certified as HUBZone small businesses, only eight of which are located in Florida. Hopefully, this number will increase significantly in the months to come.

Corporate and LMIS directives and procedures emphasize that special effort is to be expended in seeking small businesses, small disadvantaged businesses, women-owned businesses and HUBZone small businesses qualified to furnish subcontracted materials and services. This effort includes assistance in every reasonable manner to develop new potential sources. LMIS continually strives to develop new small business sources.

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11. EFFORTS TO PUBLICIZE SUBCONTRACT OPPORTUNITIES

LMIS publicizes prospective subcontract opportunities in the following ways:

- (a) Participating in federal procurement conferences, trade fairs, industry conferences and related functions.
- (b) Hosting trade fairs and conference whereby potential suppliers can meet key members of the LMIS engineering, program management, manufacturing, and procurement staff.
- (c) Publicizing long-range procurement needs electronically via the Internet. General descriptions of products or services are displayed in an attempt to solicit input from interested small businesses, small disadvantaged business, and women-owned small businesses as to their qualifications to fill these requirements. Specifically these items are those which have been either previously sole or single sourced, not previously purchased, awarded competitively among a very limited list of suppliers, or currently made in-house (<http://www.lmco.com/smbusorl>).

12. SUBCONTRACT FLOWDOWN PROVISIONS

LMIS includes the following provisions in all purchase orders and subcontracts issued in support of U.S. Government contracts except where such inclusion is exempted by the terms of the affected clause:

FAR 52.219-8. Utilization of Small Business Concerns. (Applicable to all purchase orders and subcontracts over \$10,000 issued in support of government contracts except for purchase orders and subcontracts for personal services or purchase orders and subcontracts which, including all lower-tier subcontracts, will be performed entirely outside of any state, territory, or possession of the United States, the District of Columbia, and Commonwealth of Puerto Rico.)

FAR 52.219-9. Small Business and Small Disadvantaged Business Subcontracting Plan. (Applicable to all purchase orders and subcontracts which are issued in support of government contracts, which offer further subcontracting opportunities and which exceed \$500,000 (\$1,000,000 if for the construction of any public facility).)

DFAR 252.219-7003. Small Business and Small Disadvantaged Business Subcontracting Plan (DOD Contracts). (Applicable to all purchase orders and subcontracts issued in support of government contracts.)

For purchase orders and subcontracts issued under contracts subject to the Defense Acquisition Regulation (DAR), the DAR equivalents of the foregoing clauses are used. For all purchase orders and subcontracts to which FAR 52.219-9 applies, LMIS requires the subcontractor to furnish to LMIS a plan similar to this Plan which meets the requirements of FAR 52.219-9. LMIS also request the subcontractor to submit Standard Form 294 Reports, or Standard Form 295 Reports for Commercial Plans, in an effort to monitor performance against their plan.

LMIS does not flowdown the provisions of the Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans to any subcontractor.

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13. RECORDS

LMIS maintains records to demonstrate that its policies and procedures have been implemented and to track performance and assure compliance with the requirements and goals reflected by the sub-contract plan. Such records include the following:

- (a) Small business, small disadvantaged business, and women-owned business source lists, guides and other data, which enable procurement personnel to identify, develop and provide bid opportunities to such concerns.
- (b) Records of efforts to obtain and utilize small business, small disadvantaged business and women-owned 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 were solicited and, if not, why not; (2) whether small disadvantaged business concerns were solicited and, if not, why not; (3.) whether women-owned small business concerns were solicited and, if not, why not; and (4) if applicable, the reason the award was not made to a small business, small disadvantaged business or women-owned small business concern.
- (d) Records of outreach efforts to contact trade associations, business development organizations, and participation in conferences and trade fairs to locate small business, small disadvantaged business, women-owned small business and HUBZone small business concerns.
- (e) Records of internal activities implemented to give guidance and encouragement to procurement and other branch personnel, through workshops, seminars, training, etc., and monitoring performance to evaluate compliance with the program's requirements.
- (f) Each purchase order folder will be maintained at the LMIS site that places the order. The statistical records of the dollars and percentages of LMIS awards made to small business, small disadvantaged business, women-owned small business and HUBZone small business concerns are also maintained at that site and, if necessary, provided monthly to the Orlando-based Small Business Office. These purchase order folders and statistical reports are available for review by government agencies, such as the Defense Contract Management Command and the Small Business Administration. It is also anticipated that the cognizant representative of such agencies will conduct periodic site reviews. In the event these facilities are closed, all records will be transitioned to the LMIS headquarters in Orlando.

14. HISTORICALLY BLACK COLLEGES & UNIVERSITIES & MINORITY INSTITUTIONS

In support of Section 1207 of Public Law 99-661 and Section 806 of Public Law 100-180, LMIS is attempting to expand its outreach efforts to encompass Historically Black Colleges and Universities (HBCUs) and minority institutions (MIs). A subcommittee comprised of five members of the executive staff was formed in FY96 to address this issue.

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Several HBCU initiatives are currently underway. LMIS personnel that are currently residing at the Lockheed Martin operation in Fort Worth prepared a statement of work for a Prairie View A&M University student to work a project related to parts obsolescence. Although the price quoted in the university's initial bid response received in July 1999 indicated there was confusion regarding the scope, LMIS remains hopeful that an agreement will be reached by September for a FY99 purchase order placement.

The Communications & Public Affairs organization is examining the possibility of utilization an HBCU to conduct an employee communications survey. Preliminary discussions have been held with Hampton University and Clark-Atlanta University.

The Housing and Urban Development Integrated Information Processing Service Program that LMIS operates in Lanham, Maryland is looking into utilizing an HBCU in the Maryland/Washington, DC area for subcontract services or a student work study program. A meeting was held June 7, 1999 with Coppin State College in Baltimore, Maryland. The college was excited at the prospect and suggested that a follow-on meeting be scheduled after classes resume in the fall. Consideration will also be given to the University of the District of Columbia, Howard University, and Bowie State University.

LMIS submitted a proposal in early FY99 to the U. S. Army TRADOC for the Distributed Learning XXII Program. Included in the proposal was the utilization of the University of New Mexico, a MI, as a teammate. Unfortunately, LMIS received notification in July 1999 that their proposal was not selected for contract award.

LMIS has continued to examine the possibility of mentoring an HBCU. Specifically, LMIS identified the needs of Alabama A & M University of Normal, Alabama. This university has recently won a civil suit against the state of Alabama giving them the right to establish an engineering degree program. Although LMIS prepared a Letter of Intent in 1998 to initiate a Mentor-Protégé relationship, a legislative change to the DOD regulations is required to formalize the agreement. Currently, HBCUs do not qualify as Proteges under the DOD Mentor-Protégé Pilot Program. Meanwhile, LMIS looks for every opportunity to support the university. In addition to assisting their faculty in curriculum development in specific engineering disciplines, LMIS has arranged for surplus laboratory equipment to be donated to the university. As the university progresses in the engineering disciplines, LMIS hopes to find an application for them as a subcontractor.

The EOS Pomona and Huntsville sites are primarily build-to-print operations of military training devices. Their programs are typically short-term, low value contract awards for mature technologies with procurement requirements in the area of metal fabrication, printed circuit cards, cable assemblies and piece parts. The type of work performed by these operations does not lend itself to the utilization of an HBCU, which more typically contributes to research.

In addition to exploring the use of HBCUs as suppliers of products and services, LMIS continues to make a special effort to recruit summer students from HBCUs. During the summer of FY99, LMIS employed a total of fifteen student interns, two of which were from HBCUs. Ten of the fifteen were racial minorities. The cost per student per year is approximately \$10,000 for expenses and salary.

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15. HUBZONE SMALL BUSINESSES

LMIS is committed to seeking qualified HUBZone small businesses to serve as suppliers and sub-contractors. At the time this Plan was developed there were less than 250 companies certified as HUBZone small businesses, according to the Small Business Administration's PRO-Net System. A comparison to the LMIS supplier database indicates that none of these businesses are currently providing the company with products or services. A closer look at the capabilities of these companies reveal that approximately 35% of them are engaged in construction, building maintenance/security, environmental cleanup, laundry services, and food distribution, in remote areas of the country. If and when these services are required, geographic proximity to the Orlando or Huntsville facility would be a major consideration in determining qualified contractors. Therefore, the near term opportunities appear to be limited for those companies.

An attempt was made to match the capabilities of the remaining companies to the items listed in Section 9, Description of Products and Services to be Procured. Less than 8% of the companies were identified as potential sources, many of which were resellers of computer peripherals.

LMIS remains hopeful the number and variety of certified HUBZone small businesses will increase dramatically within the fiscal year. An internal trade fair will be hosted at the Orlando facility featuring HUBZone small businesses. Typically, these events are attended by businesses that are within driving distance of the facility. Since only 3.2% of the current HUBZone small businesses are located in the state of Florida, the event will be delayed until mid-year.

The computerized purchasing system utilized by LMIS has been modified to provide tracking of the utilization of HUBZone small businesses. The database administrator utilizes the PRO-Net System to confirm whether a supplier is a certified HUBZone small business. To assist the Small Business Administration in their efforts to increase awareness of this new program, LMIS will make every effort to communicate the benefits and requirements of HUBZone certification through the following actions: contact with their current suppliers, publicizing the program via the company's Small Business Opportunity Web Site, and addressing the issue on the Supplier Profile Form which is completed by each new supplier prior to purchase order award. At the government's request, LMIS has established a 1.0% goal for purchase order placements to HUBZone small businesses in FY00. This represents a significant challenge, given the limited pool of suppliers.

16. MENTOR-PROTÉGÉ PROGRAM

LMIS became a participant in the DOD Mentor-Protégé Pilot Program in July 1993, serving as a Mentor to two small disadvantaged businesses over the last five years. This first Protégé, End To End, Inc. of Virginia Beach, benefited tremendously from the relationship with an increase in sales from \$561,000 in 1993 to over \$5 million in 1998. Although not quite as successful, the second Protégé, Industrial Data Link Corporation of San Diego, gained the ability to produce a unique product for the simulation marketplace. Both agreements expired in December 1997.

LMIS is attempting to formalize a new Mentor-Protégé Agreement in FY99. After giving consideration to a number of potential proteges, LMIS has selected AcuSoft, Inc., a woman-owned small business that is also certified by the Small Business Administration as a small disadvantaged business. AcuSoft is located in Orlando, only minutes away from the LMIS facility. They have approximately 25

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employees with core capability in simulation software development. AcuSoft has served, on a small scale, as a LMIS supplier for the past two years for proof of concept and research type programs. Although the final terms of the agreement have not been finalized, it is anticipated that LMIS will mentor them in software development processes. In turn, AcuSoft will be utilized as a key subcontractor on the existing Close Combat Tactical Trainer (CCTT) program and the upcoming Aviation Combined Arms Tactical Trainer (AVCATT) program. This initiative is contingent upon the government's approval of the Mentor-Protégé Agreement and funding availability. CCTT and AVCATT are both Orlando-based programs; therefore, it is unlikely the off-site operations in Pomona or Huntsville will participate in this relationship.

LMIS is also committed to establishing an additional Mentor-Protégé Agreement during FY00 with a viable Protégé. The intent of the Mentor-Protégé Program is to provide incentives to prime contractors to offer assistance to small disadvantaged businesses in an effort to enhance their capability. In the absence of any incentive, it is the business practice of LMIS to provide any necessary assistance to any and all of their suppliers in the performance of a LMIS subcontract. There are numerous documented incidents where LMIS has provided extensive support to small businesses, including small disadvantaged businesses, ranging from technical and managerial support to financial counseling.

17. CORPORATE SUPPORT

Active support from the Lockheed Martin Corporate Office in Bethesda, Maryland is an essential part of the LMIS Small Business Program. The Corporate Office serves as a focal point for coordinating and sharing information throughout the Corporation concerning small business, small disadvantaged business, and women-owned small business subcontracting issues. The Small Business Liaisons from across the Corporation meet at least semi-annually to work issues that impact each of the small business programs such as supplier base reductions, the use of large volume multi-year blanket purchasing agreements, etc.

The corporation has established policies and procedures that enable the individual companies to maximize opportunities for small businesses. This opportunity portfolio includes such devices as set-aside procurements, provisions for expedited and/or advanced payments, and offering debriefs to unsuccessful small business bidders.

18. MAKE OR BUY DECISIONS

Make or buy decisions are formulated along program lines with consideration given to the technical capabilities, facility availability, capital and financial positions, and manpower capacity of LMIS. As outlined in Standard Procedure Instruction 10.07, LMIS has an Executive Make or Buy Committee chaired by the Vice President of Sourcing that meets no less than annually to provide oversight and assure consistency in the make or buy process. All programs, mission areas, or Integrated Product Teams developing products must establish a multi-disciplined Make or Buy Team chaired by the Program Office to develop a program specific Make or Buy Plan. Each team includes a representative from the Sourcing organization who ensures that the objectives of the Small Business Program are taken into consideration in all make or buy decisions.

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19. SUBMISSION OF REQUIRED REPORTS

LMIS will continue to cooperate in any studies or surveys as may be required by the Government. LMIS will submit periodic reports in order to allow the Government to determine the extent of compliance by LMIS with the Test Plan. LMIS submits Standard Form 295, Summary Subcontract Report, in accordance with the instructions on the form and instructions set forth in Item VI B in the Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans. LMIS ensures that subcontractors agree to submit Standard Forms 294 and 295 as required.

20. COMPREHENSIVE PROGRAM INITIATIVES FOR FY00

LMIS understands the Comprehensive Program Initiatives for FY00 to be as follows: (1) increased participation goals for small disadvantaged and women-owned small businesses over the current fiscal year goals; (2) maintain an Internet home page dedicated to providing information, including procurement opportunities, to potential small business sources and to link this home page to the DOD Office of the Under Secretary of Defense (A&T), OSADBU home page; (3) identification of actions and efforts to provide subcontracting opportunities for Native American Indian organizations or Indian-owned economic enterprise; (4) enter into at least one new Mentor-Protégé agreement; and (5) seek at least one Historically Black College/University or minority institution to perform as a subcontractor; (6) expand outreach efforts to include the identification of HUBZone small businesses to provide products and services.

Lockheed Martin Material Acquisition Procedure 2.320 directs the procurement staff to require at least two offers for all competitive acquisitions exceeding \$2,500. The procedure also states that small businesses, small disadvantaged businesses, women-owned businesses, Historically Black Colleges and Universities, minority institutions, and HUBZone small businesses should be considered to the "maximum extent practicable." The goals that are established by Mission Area are monitored monthly against actual order placement. This measurement is part of the procurement employee's annual evaluation and a recognition program further encourages their cooperation. The dollar value goals established for FY00 represent an increase over the dollar value goals of FY99 in all three categories: small business, small disadvantaged business and women-owned small business. For reasons detailed in Section 8, Methods of Developing Goals, LMIS is unable to show a percentage goal increase in the small disadvantaged business or women-owned small business categories.

LMIS established an Internet home page for the advertisement of procurements to small businesses in July 1996 as described in Section 11. In an effort to increase the utility of this outreach tool, the web site was revised in FY98 to include opportunities for two other Lockheed Martin Orlando-based companies, Missiles and Fire Control (formerly Electronics & Missiles) and Enterprise Information Systems. The web site now appears under the name and ownership of the commodity buying center used by all three of the Lockheed Martin companies - Lockheed Martin Southeast Material Acquisition Center (SEMAC). This web site can be accessed from the Air Force Office of Small and Disadvantaged Business Utilization (OSADBU) Internet home page. The Department of Defense OSADBU web site can be accessed from the SEMAC Small Business Opportunity web site.

Over the last two years there has been an increased emphasis to identify additional small disadvantaged businesses owned by Native American Indians. There are at least 18 Native American suppliers utilized by LMIS on a regular basis with purchases of approximately \$2.5 million annually. KMI,

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Inc., one of the high technology suppliers that exhibited at the Native American Trade Fair and Conference hosted by LMIS in September 1998, received two purchase orders totaling almost \$200,000 in FY99. KMI is capable of dismantling, relocating, reassembling, and testing simulators located in the field. The Huntsville and Pomona operations have an application for only a minimal number of suppliers; however, the sites are aware of the focus to utilize Native American suppliers and frequently add such sources to their bidders list per the recommendation of the Orlando office.

As indicated in Section 15, LMIS is in the process in formalize a Mentor-Protégé relationship with AcuSoft, Inc., a woman-owned small disadvantaged business. In addition, LMIS will seek to identify an additional protégé in FY00, contingent upon government approval and funding availability.

LMIS will continue their attempts to identify subcontract opportunities for Historically Black Colleges & Universities and minority institutions. As indicated in Section 14, LMIS has several initiatives underway many of which will not materialize until FY00.

As indicated in Section 15, HUBZone Small Businesses, efforts are underway to identify potential sources from this pool of small businesses. At the government's request, LMIS has established a 1.0% goal for purchase order placements to HUBZone small businesses in FY00. This represents a significant challenge, given the limited pool of suppliers.

21. COMPLETION OF THE TEST PROGRAM

Upon completion of the Comprehensive Small Business Subcontracting Test Program, LMIS agrees to negotiate and establish individual subcontracting plans on all future Department of Defense contracts that require a plan in accordance with the requirements of Public Law 95-507.

APPENDIX A

**INFORMATION SYSTEMS
DOD COMPREHENSIVE SUBCONTRACTING PLAN
FY00 SMALL BUSINESS GOALS**

	FY95 * ORDERS	FY96 ORDERS	FY97 ORDERS	FY98 ORDERS	FY99 GOALS	FY99 ** EAC	FY00 GOALS
TOTAL AWARDS	#####	\$278,087,272	\$ 242,700,143	#####	#####	#####	\$283,233,000
SB AWARDS	\$ 48,093,338	\$ 89,327,450	\$ 85,032,706	\$ 84,559,031	\$ 91,782,000	#####	\$117,165,000
SB % OF TOTAL	43.5%	32.1%	35.0%	36.4%	37.5%	57.7%	41.4%
SDB AWARDS	\$ 7,011,395	\$ 17,050,136	\$ 15,309,503	\$ 18,520,525	\$ 17,130,000	\$ 21,089,452	\$ 18,693,378
SDB % OF TOTAL	6.3%	6.1%	6.3%	8.0%	7.0%	9.2%	6.6%
WOSB AWARDS	\$ 2,501,187	\$ 7,297,995	\$ 3,982,855	\$ 6,162,096	\$ 8,565,000	\$ 10,537,659	\$ 9,198,000
WOSB % OF TOTAL	2.3%	2.6%	1.6%	2.7%	3.5%	4.6%	3.2%
HUBZONE AWARDS							\$ 2,832,330
HUBZONE % OF TOTAL							1.0%

* A portion of these numbers were reported by Lockheed Martin Missiles and Fire Control (formerly Electronics and Missiles) under their DOD Comprehensive Small Business Subcontracting Plan.

** Estimate at Completion (EAC) of Purchase Order Placements for FY99.