"BY ENCOURAGING AN ENVIRONMENT OF INCLUSIVENESS, WE BELIEVE WE CAN BUILD A STRONGER CULTURE OF INNOVATION."

- Marillyn A. Hewson
Chairman, President and CEO
A WORD FROM MARILLYN A. HEWSON

At Lockheed Martin, innovation is our lifeblood.

To meet this innovation imperative, we’ve worked throughout our history to create an environment that welcomes ideas, values diverse thinking, and recognizes the unique perspectives and experiences of every employee.

This belief in the potential of every individual flows directly from our core values – to do what’s right, respect others, and perform with excellence. That’s why we work to encourage diversity and inclusion, cultivating an environment where every employee feels respected, appreciated, and well supported to do his or her best.

We know from experience that such an environment of inclusion spurs stronger individual performance and overall team effectiveness. We also know that encouraging an environment of inclusion, and drawing from diverse perspectives, helps us listen to and anticipate the evolving needs of our customers, as they seek to protect lives, secure our nation, and press forward the frontiers of human knowledge.

In this ongoing effort to encourage diversity and inclusion, we have an exciting story to tell. We have made great progress.

I’m confident that in the years to come we will continue to uphold this commitment and build a workplace where innovation flourishes, differing perspectives are valued, and every contribution from every background is welcome. By doing so, we know that we will be better able to harness diverse talent to deliver the visionary solutions and technologies our customers need to solve their toughest challenges.

Marillyn A. Hewson
Chairman, President and CEO
"WE FOSTER A CULTURE WHERE EACH AND EVERY ONE OF OUR EMPLOYEES FEELS VALUED, SUPPORTED AND HAS THE OPPORTUNITY TO HAVE THEIR VOICES HEARD."

- Rainia L. Washington
Vice President
Global Diversity & Inclusion

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MESSAGE FROM CHIEF DIVERSITY OFFICER

INCLUSION DRIVES INNOVATION

I am excited to welcome you to Lockheed Martin’s 2017 Global Diversity & Inclusion Annual Report! In this report, we celebrate our company’s commitment to diversity and inclusion and showcase how our culture continues to evolve Full Circle: From Inclusion to Innovation.

At Lockheed Martin, we are committed to and passionate about our people. We continue to foster a culture in which each and every one of our employees feel valued, supported and empowered to do their best work. By leveraging our workforce’s unique ideas and backgrounds, we have positively impacted our business and created a workplace that thrives on innovation.

Lockheed Martin’s human capital strategy focuses on cultivating an engaged culture, optimizing our organization business models, ensuring leadership readiness as well as attracting, developing and retaining our talent. Our diversity and inclusion strategy aligns with this focus by effectively engaging employees, developing inclusive leaders and building a robust and diverse talent pipeline.

A key avenue utilized to achieve our strategy and create an inclusive environment is our Employee Resource Group communities. These communities support the business strategies and provide engagement, leadership and support for our workforce. Employees are energized and motivated to support each other’s personal and professional growth while enhancing their individual and collective ability to contribute to the company’s success.

We are extremely proud of the progress we have made in diversity and inclusion at Lockheed Martin as we continue to blaze new trails every day. We will continue to excel and create a workplace that embraces, encourages and empowers innovation through our most valuable resource – our people.

Rainia L. Washington
Vice President
Global Diversity & Inclusion
OVERVIEW

We strive to cultivate a globally inclusive work environment to maximize performance and innovation.

“Inclusion is a business imperative for Lockheed Martin because it enables our success. When employees know that they can bring their whole selves to work and be valued for the things that make them unique, we are a stronger company.”

- Patricia L. Lewis
  Senior Vice President
  Human Resources
Countries with largest Lockheed Martin headcount:

U.S.A. - 90,800+
Poland - 1,700+
U.K. - 1,640+
Canada - 930+
Australia - 720+
New Zealand - 245+

Rotary and Mission Systems (RMS) U.K. employees celebrated Inclusion Week with the “I Am Also” campaign. The campaign encouraged employees to share more about their diverse characteristics that may not be visible.

In an impressive display of celebration for our diverse population at Lockheed Martin, more than 4,000 Space employees gathered across 32 sites to celebrate Diversity Day.

Aeronautics employees celebrated Connect & Engage Week across nine sites. Presented by the Diversity & Inclusion Council, Connect & Engage Week is an important opportunity to celebrate diverse interests and perspectives and showcase our diverse community of talented employees.
The Allies For Inclusion initiative provides an opportunity for all employees to engage, contribute and pledge to promote an inclusive environment. Employees can personally take a pledge to signify they are an ally who is “All In” when it comes to supporting diversity and inclusion. It is the next step in evolving our culture from focusing on differences to bringing us together.

An ally is any person that actively promotes and aspires to advance the culture of inclusion through intentional, positive and conscious efforts that benefit employees as a whole.
“Join the Journey” is the cultural transformation initiative launched in 2017 to ensure full integration of the business area formerly named Mission Systems and Training with the legacy Sikorsky company, into Rotary and Mission Systems (RMS). The initiative is centered around four key results of People, Customers, Growth and Financials.

The initiative embraces and acknowledges the respective heritages and strengths of the two companies, with a focus on building one, unified team. It is designed to ensure that every employee – at every level – can understand how they impact the key results. Efforts to achieve the key results are critical to the organization’s success.

80% Of employees understand how their work contributes to the RMS key results of People, Customers, Growth and Financials.

60% Of employees agreed that overall RMS consistently demonstrates all five Cultural Imperatives of Relationships Matter, One Team, Be Bold, Embrace Change, and All In.

The RMS Culture Integration Team is comprised of nearly 100 highly engaged members, or Culture Integrators, and includes employees of varying levels, lines of business and functions who are partnering with the Join the Journey Culture Acceleration team. The team works throughout RMS to deepen the understanding of Join the Journey tools and techniques, assist and coach leaders in modeling the desired culture and equip employees to integrate the culture tools into their every-day work. Their overall charter is to help RMS apply the culture management tools to business challenges and remove barriers to achieving key results.
Inclusion matters across Lockheed Martin. In 2017, the Employee Insights survey included six questions, which comprised an Inclusion Index. Lockheed Martin achieved an 81 percent score, which is five points higher than the external benchmark.

We learned from our 2017 Employee Insights survey that inclusion has the strongest correlation to trust. The more inclusive the environment, the more trust employees have in their peers, managers and senior leaders. Building trust within our company is a competitive advantage because it inspires high performance and alignment across the organization – and spurs innovation that will help us to continue engineering a better tomorrow.
We provide an infrastructure that enables a compliant, inclusive and transformative culture.

"Having a call for diversity promotes a positive work environment. I believe it makes the workplace more fulfilling and oftentimes more interesting, as you get to hear so many other perspectives on any given subject. From a business standpoint, diversity leads to greater creativity and innovation, creating force multipliers for Lockheed Martin."

- David Helsel
  Director, Program Management
  Missiles and Fire Control
The Executive Inclusion Council (EIC) members serve as diversity and inclusion thought leaders and ambassadors. The council engages in very open and candid discussions regarding success stories of inclusive behaviors demonstrated by employees and leaders; opportunities to remove barriers to creating a more inclusive environment; and diversity and inclusion special topics, such as generations in the workplace, developing a diverse pipeline of talent and aligning Leadership Forums, ERGs, and Inclusion Councils to business objectives.

“This enterprise-wide Council helps to ensure we have consistency across the company by offering feedback on diversity initiatives, identifying best practices from across the business and helping to link our inclusion strategy to business outcomes and priorities.”

- Marillyn A. Hewson
  Chairman, President and CEO

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**EIC Members**

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<th>Council Chair</th>
<th>Business Area Representatives</th>
<th>Functional Support</th>
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| Marillyn A. Hewson  
President and CEO | Jeff Babione  
Aeronautics | Patricia L. Lewis  
Human Resources |
| Rick Ambrose  
Space | Scott Arnold  
Missiles and Fire Control | Jenn Whittlow  
Communications |
| Rainia L. Washington  
Global Diversity and Inclusion | Amy Gowder  
Rotary and Mission Systems | Susan Dunnings  
Legal |
| Jonathan Hoyle  
LM International | Rob Spencer  
Enterprise Operations | |
Aeronautics: Coffee & Conversations is Aeronautics’ Employee Engagement venue, where AFI, employees and leaders come together to network, have courageous conversations about unconscious biases and share personal journeys of awareness, development and growth. It helps employees to share their perspectives in a safe, welcoming and relaxed environment.

Enterprise Operations (EO): The EO D&I Council recognized the importance of education, awareness and development by continuing the dialogue to drive inclusion. Through their efforts, the Council ensured leader completion of three Leading Diverse Teams videos. They also supported the planning and execution of several ELOIT Summits and Learning Labs (see Leadership section) and enhanced the training to include Employee Resource Group membership drives to encourage growth and participation.

LM International: The Canada D&I Council issued a Diversity Team Challenge to advance their council’s mission. The Council invited teams to break out of their day-to-day routine and get together to actively foster an inclusive work environment through team activities like diversity Bingo, trivia challenge and pot-lucks.

The Business Area Inclusion Councils are cross-functional teams comprised of members from each function within the business area. They are committed to creating an inclusive work environment where diversity and inclusion are understood, valued and leveraged, and where individuals and teams are able to maximize their potential.
Missiles and Fire Control (MFC): The MFC Inclusion Fishbowls enable leaders to dialogue on challenging topics and share experiences that demonstrate critical leadership skills. Through the Fishbowls, leaders model inclusive skills and behaviors needed to engage the team, create an inclusive work environment and maximize use of untapped talent.

Rotary and Mission Systems (RMS): Sponsored by the RMS D&I Council, the D&I Award recognizes employees who exemplify an inclusive behavior across RMS and demonstrate significant contributions to promote and sustain a diverse and inclusive culture. Award recipients embody inclusive behaviors and lead the way in facilitating an inclusive work environment that celebrates and leverages diversity to the benefit of the business through their leadership, cultural competency, outreach initiatives and other actions.

Space: Inclusion tables have become an element of Space D&I Culture in Denver and Sunnyvale. The Space leadership at all levels have joined the initiative by arranging monthly “Lunch with the VPs” as an informal way to get to know employees as well as creating open lines of communication. Future effort will expand the activity outside of theses two locations.
EMPLOYEE RESOURCE GROUPS AND NETWORKS

MANY VOICES, ONE VISION!

Lockheed Martin acknowledges that Employee Resource Groups (ERGs) and Employee Networks are key components of workplace inclusion programs, providing a direct benefit to both employees and the Corporation through professional development, awareness and education.

Lockheed Martin's ERGs are voluntary, employee-led groups that foster a diverse and inclusive workplace aligned with our organizational mission, values, goals and business practices. It is the collective voices of our workforce which allows us to continue innovating a vision for a better tomorrow.

“I kicked off my involvement in Lockheed Martin’s network of ERGs... I want to share the importance of our ERGs - discovering relatable people, experiencing diverse ideas and getting yourself in a social space are key components to understanding your authentic self.”

– Michael Dixon
Subcontract Administrator
Rotary and Mission Systems
The AACE, Able & Allies, Allies For Inclusion, Mediterranean to Middle East (M2)/PAAN, WIN, HOLA and PRIDE ERGs partnered to plan and execute the Midwest Regional event. Employees engaged in various sessions, including ERG breakout sessions, a site tour and a networking event in the evening.

Employees support volunteer opportunities across the corporation. Here are a few employees in action on repair and construction projects.

LM COMMUNITIES: MAKING A DIFFERENCE

13 African American Council for Excellence
14 Able & Allies
15 Hispanic Organization for Leadership & Awareness
16 Professional Asian American Network
17 PRIDE: LGBT Professional Network
18 Military Veterans
19 Women’s Impact Network
More than 500 employees attended the opening reception for the 2017 AACE Leadership forum held at the National Museum of African American History and Culture in Washington, DC. Additionally, over 1,000 employees toured the museum.

Participants of the 2017 AACE Leadership Forum actively engaged in a group activity highlighting inclusion and exclusion.

Stephanie Hill, one of AACE's executive leaders, encourages women to join the engineering field.

Mission

The African American Council for Excellence (AACE) mission is to improve the performance of Lockheed Martin by building and retaining full spectrum African American/Black employees by leveraging the power of diversity, delivering value and developing personal mastery.
Mission
The Able & Allies’ community mission is to contribute to the company’s D&I success by uniting the Able & Allies community to create a positive, inclusive environment by promoting awareness and providing support and resources for employees with disabilities and employee caregivers.

Did you know?
The 2017 Able & Allies Leadership Forum featured the Disability Rights on Wheels Museum. The museum is a 48-foot interactive traveling exhibition which tells the story of the fight for equal rights by people with disabilities in the United States.

Participants of the 2017 Able and Allies Leadership Forum engaged in active discussion.

MFC employees attend an Able & Allies event to create awareness about non-apparent disabilities.
HISPANIC ORGANIZATION FOR LEADERSHIP & AWARENESS

Did you know?

Members of HOLA were among the group of employees who traveled to Puerto Rico in the LM-100J to provide relief efforts after major destruction from hurricanes. The LM-100J was used to make two trips to deliver aid to Puerto Rico.

HOLA Executive Sponsor and Rotary and Mission Systems Chief Information Officer, Monica McManus was recognized as one of ALPFA’s (Association of Latino Professionals for America) 2017 Most Powerful Latinas.

Mission

The mission of the Hispanic Organization for Leadership & Awareness (HOLA) community is to recruit, grow, and develop Hispanic talent to shape the future at Lockheed Martin.

“I just really wanted to share how overwhelmed and humbled I feel by all that this company has done to help us through this ordeal. Personally having seen the supplies sent by LM to our site in Aguadilla [Puerto Rico] and being helped by the very same donation... I can’t thank everyone enough.”

– Matt Galvan
Software Engineer
Enterprise Business Services
PAAN ERG members celebrate Asian Pacific American (APA) Heritage Month.

2017 PAAN Leadership forum keynote speaker Shankar Vedantam, NPR’s social science correspondent and host of the Hidden Brain podcast, educated attendees about the impact of Unconscious Bias.

Did you know?

PAAN has a robust mentoring program that has developed many employees for career mobility in 2017. The mentoring program prepares mentees for leadership positions within the corporation.

Participants of the 2017 PAAN Leadership Forum connecting and networking.

Mission

The Professional Asian American Network’s (PAAN) mission is to accelerate and enhance leadership development of Asian American Employees.
Mission

The mission of the PRIDE community is to enhance LM employees’ understanding of Lesbian, Gay, Bisexual, and Transgender (LGBT) employees’ existence, challenges, and contributions to create a more open and inclusive work environment that enables each employee to bring their full, authentic selves to work every day.

“This mural encourages us to remember that, out of tragedy, we have found hope in the common bond between each of us.”

- Paul Lemmo, Program Management Vice President Missiles and Fire Control

U.S. Army veteran Staff Sgt. Robert Bartlett (L) and U.S. Army veteran Staff Sgt. Jay Fondren (R), the 2017 recipients of the Lockheed Martin Fighting Spirit Scholarship.

Mission

The Military Veterans' community mission is to support military and veteran employees and community members with an employee forum that provides networking, education, and volunteer opportunities as well as personal and professional development.

Lockheed Martin sponsors a scholarship that provides wounded veterans the opportunity to experience flying and sailing through two non-profits. This program is intended to enhance the professional and personal growth of individuals who represent the mission of the program and the mission of those who serve and defend our great nation.
WIN has a strong partnership with Girls Inc. The partnership focuses on the development of the "whole girl" by helping young girls learn to value themselves, take risks, and discover and develop their inherent strengths.

2017 WIN Leadership Forum participants engaged in interactive discussion.

Gaylia Campbell, Program Management Vice President, Missiles and Fire Control, facilitates a discussion on empowerment for employees.

Mission

The Women’s Impact Network’s (WIN) mission is to help women advance in the workplace, both for themselves and the greater Lockheed Martin. They strive to change the culture of business from the inside out by investing in women and empowering them to cultivate leadership skills, business practices, personal contacts and career opportunities.
LEADERSHIP

OVERVIEW

We grow leaders who model inclusive behaviors and leverage diversity to optimize business impact.

“Further reinforcing this path forward for me was the opportunity to attend the Effective Leadership of Inclusive Teams (ELOIT) summit. During the sessions, I learned much that can be readily applied to my role in this company as well as in life.”

- John Rainone
  Senior Manager, Procurement Engineering
  Rotary and Mission Systems
In 2017, more than 2,300 leaders across Lockheed Martin participated in Effective Leadership of Inclusive Teams — or ELOIT — labs or summits, facilitated by White Men as Full Diversity Partners (WMFDP). Since the launch of ELOIT in 2007, more than 7,300 leaders have participated.

Many leaders emerge from the experience describing it as “powerful,” “transformative” and “life-changing.” Participating in the ELOIT experience is just the beginning. To ensure that leaders have an opportunity to apply the learning obtained while in ELOIT, alumni of the program are invited to participate in a variety of activities to practice the concepts and techniques they learned during ELOIT.

In ELOIT, leaders explore diversity issues they face in the workplace and discuss ways to build a more inclusive environment.

2300+ LEADERS PARTICIPATED
13 ELOIT Labs
33 ELOIT Summits
Keep Connected

As a follow-up to the ELOIT experience, Keep Connected is designed to continue the ELOIT conversation. The event is an opportunity to not only expand participants’ understanding of the ELOIT leadership principles, but also to meet and network with Space leaders and reinforce senior leadership’s commitment to inclusion. Keep Connected sessions are short sessions intended for all ELOIT alumni to come together to discuss their experiences following their ELOIT training. This is an opportunity to deepen learning and understanding of ELOIT key concepts by discussing/sharing success stories and “ah-ha” moments, asking questions and conducting in-depth topic discussions via small group breakouts.

Keep Connected sessions are offered currently in two formats: a simpler, large group dialogue format (currently being used where group sizes are smaller) and a more interactive, reverse mentoring format in which ERG leaders guide small table discussions.

Space typically conducts six to eight sessions per year in various locations (Denver, Sunnyvale, Cape Canaveral, Huntsville, Michoud, Hernadon and Valley Forge).

“Diversity and Inclusion is a high priority at Lockheed Martin. Leaders recognize that in order to be successful in achieving our strategy and mission, we must create an environment where diverse thoughts and ideas are embraced, and our employees can thrive. As the leader of Global Financial Services, I continue to look for ways to build an inclusive culture where my employees feel fully valued and engaged. My team is outstanding, and they challenge me to be a better leader every day.”

- Katherine J. Kerchner

Katherine J. Kerchner
Chief Financial Officer and Vice President, Global Financial Services
In 2014, the Leading Diverse Teams video series was launched. These videos are intended to provide leaders with resources and techniques to build a more inclusive environment. The Leading Diverse Teams videos are released quarterly along with four Inclusion Dialogues that align with the theme of the video.

The Lens at Lockheed Martin

Launched in 2015, The Lens at Lockheed Martin is a unique way to explore topics related to diversity and inclusion through film. Participants watch a film together and then engage in a facilitated discussion. More than 35 sessions were held in 2017.

2017 Leading Diverse Teams Topics

- Measures of Leadership Awareness
- Navigating Bias to Build Inclusive Teams
- Mitigating Bias in the Performance Management Process
- How Feedback Drives Inclusion

Films watched and discussed by participants of The Lens at Lockheed Martin include Concussion and Hidden Figures.
INCLUSIVE LEADERSHIP TOOLS

“Inclusion Dialogues

These scripted workplace scenarios provide leaders with an opportunity to engage their teams in dialogue about a variety of diversity and inclusion topics.

2017 Inclusion Dialogue Topics

◦ Measures of Leadership Awareness
◦ What Do I Tell the Team?
◦ Who Knew That Informal Rule?
◦ Seek To Understand; Assume Good Intent
◦ Navigating Bias to Build Inclusive Teams
◦ Same Style, Different Package
◦ Don’t Ask, Don’t Tell
◦ Mirror, Mirror

“Through inclusion dialogue discussions with my team, we are able to recognize the complexity of diversity and inclusion situations, then proactively brainstorm possible approaches demonstrating the impact of collective team perspectives.”

- Mimi Ballard
Senior Manager, Diversity and Inclusion
Rotary and Mission Systems
OVERVIEW

We attract, develop, engage and retain the best talent, because our people accelerate our future.

“I have worked for Lockheed Martin for 35+ years. I am proud to work for a company that has such a strong message of diversity, inclusion and allies.”

- Ron Young
Senior Manager, Software Engineering Space

IN THIS SECTION:

26 Attracting Talent
From Campus to Corporate Diversity Outreach

28 Developing Talent
Building the Leadership Pipeline

29 Engaging Talent
Mentee to Mentor

30 Recognizing Commitment
Recognition & External Rewards
Lockheed Martin recruits heavily from 16 Historically Black Colleges and Universities and seven Hispanic Serving Institutions across the country. These efforts ensure that Lockheed Martin is building a strong pipeline of diverse college-level talent to enter the workforce.

Florida Agriculture and Mechanical University (FAMU), known for its advanced composites and structural engineering, will work on complementary material verification efforts for Orion’s Launch Abort System and Service Module. Pictured to the right are members of FAMU and Lockheed Martin following the signing of a partnership agreement for work on the Orion program.
In 2017, Lockheed Martin participated in 19 diversity outreach events. These events include conferences, career fairs and others recognizing stellar college level talent.

**AT A GLANCE**

- **19** Diversity events attended,
- **136** on-the-spot jobs offered at diversity outreach events and
- **$2.5 M** sponsorship dollars awarded.
DEVELOPING TALENT

BUILDING THE LEADERSHIP PIPELINE

Program Management Talent Initiative (PMTI)

PMTI was established in 2011 to strengthen the pipeline of women and people of color for future program management leadership positions within Lockheed Martin.

Through this program, participants expand their networks and receive one-on-one coaching to align them for success in preparation for future opportunities.

“One of the great strengths of Lockheed Martin is the breadth of our companies experience. Every business area has programs at different stages in their life cycle. Through PMTI, we were exposed to peers and leaders from across the Corporation which allowed us to learn from past experiences and apply best practices in our roles.”

- Ali Ruwaih
  Subcontract Program Manager
  Rotary and Mission Systems

(Top) Members of the 2017 PMTI co-hort pose for a group photo. (Bottom) PMTI members actively engaged in interactive discussions with workshop facilitator.
Santiago-born, Miami-raised Jorge Cisternas always had an interest in math and science. His father, a computer engineer, nurtured his innate talent. In college, Jorge pursued his dream and majored in mechanical engineering at Florida International University. Fast forward to 2017, Jorge participated in the HENAAC College Bowl (left, top row) with Team Lockheed Martin. After his participation in the College Bowl, he was extended an offer by his now mentor for an internship at Lockheed Martin. Jorge now works as a systems engineer in the RMS Orlando facility and enthusiastically serves as a HENAAC College Bowl coach to inspire the STEM (Science, Technology, Engineering and Math) innovators of tomorrow.

Involved heavily with engineering at Virginia Tech, Eleanor Nave (left, center) was recruited by Lockheed Martin for a summer internship at Aeronautics in Fort Worth. “I got the opportunity to see first-hand that Lockheed Martin is a huge, innovative company,” she said. “I had the opportunity to get to know a few Lockheed Martin engineers who generously served as mentors. Now I get to do the same and give back.”
Lockheed Martin employees were recognized externally for their Diversity and Inclusion efforts:

50+ employees recognized externally for Diversity and Inclusion efforts.

5 BUSINESS AREAS REPRESENTED ACROSS 20 SITES representing 7 COMMUNITIES.
“WE ARE PROUD OF OUR SUCCESS IN CREATING AN ATMOSPHERE WHERE EMPLOYEES CAN BRING THEIR FULL SELVES TO WORK, AND WE APPRECIATE SEEING EXTERNAL VALIDATION OF HOW HARD WE’RE WORKING.”

- Cheryl Kern
  Director
  Global Diversity & Inclusion