Natural resources, energy, climate change, social issues and economic pressures are often closely interconnected. These challenges are an integral part of our global security mission, driving innovations that protect our employees and our communities, save lives, increase efficiencies, reduce costs and minimize environmental impacts. We are committed to facing these complex challenges head on, promoting innovation and responsible growth while contributing to a more sustainable future for our employees, communities and shareholders.

By integrating energy, environment, safety and health (EESH) considerations into our operations and business practices, we create value by decreasing business risks and identifying opportunities while increasing the productivity, efficiency and quality of our employees’ work environment. In keeping with the three Corporate-wide strategic pillars to Strengthen our Foundation, Reshape our Operations and Evolve our Culture, our strategic focus areas guide our actions to ensure effective execution of the EESH mission.

Lockheed Martin’s Energy, Environment, Safety and Health organization is committed to maintaining a strong compliance foundation, while enabling continual improvement in operational performance and delivering value to the Corporation. Our 2014 accomplishments demonstrate to our stakeholders how we are driving initiatives that protect employees, minimize environmental impacts, increase efficiencies, and reduce costs. I invite you to share in celebrating these accomplishments, recognizing our ongoing dedication to promoting innovation and responsible growth while contributing to a more sustainable future.

Carol B. Cala, Vice President, Corporate Energy, Environment, Safety and Health
During 2014, our facilities implemented more than 30 energy-efficiency projects.

Demand response programs offer incentives to businesses that reduce the energy use of their facilities during times of peak demand.

In 2014, we assessed the feasibility for on-site renewable energy generation at Lockheed Martin facilities.

ESTIMATED ANNUAL ENERGY REDUCTION OF 230,000 MMBTU.

ELEVEN LOCKHEED MARTIN SITES ARE CURRENTLY ENROLLED IN A DEMAND RESPONSE PROGRAM, RESULTING IN $245K OF COST AVOIDANCE IN 2014.

THREE PROJECTS WERE APPROVED FOR IMPLEMENTATION IN 2015:

- SOLAR ENERGY INSTALLATIONS
  - CLEARWATER, FL • PALMDALE, CA
  - 2 MW
  - 1 MW

- WASTE-TO-ENERGY DEMONSTRATION SYSTEM
  - OWEGO, NY
  - 250 KW
WASTE REDUCTION & MATERIALS EFFICIENCY: OUR RENEWED COMMITMENT

After achieving our waste-to-landfill goal ahead of schedule, we established a more aggressive company-wide commitment targeting an overall reduction in waste generated, promoting reduction, reuse and recycling.

The new Go Green 2020 waste goals are to:

- **Reduce total waste generated by 7%**
  Measured from a 2014 baseline
- **Increase recycling by 8%**
  Measured from a 2014 baseline

Reductions measured from a 2010 baseline

ANNUAL ENERGY AND WATER COST AVOIDANCE OF $27M COMPARED TO 2010
SAFETY AND HEALTH

SINCE TARGET ZERO’S INCEPTION IN 2003:

DECREASED SEVERITY (LOST DAYS) RATES BY 74%

REDUCED DAY AWAY CASE RATES BY 57%

DECREASED RECORDABLE RATES OF WORKPLACE INJURIES BY 62%

EMPHASIS ON ERGONOMICS:

Ergonomic-related injuries, such as sprains, strains and musculoskeletal disorders, comprise nearly 50% of all OSHA recordable injuries across Lockheed Martin. In 2014, we placed a strong focus on ergonomics to drive down this high risk across the enterprise.

Focused initiatives such as Ergo Cup, Ergo University, and Aeronautics Participatory Ergonomics (PE) contributed to a 27% year-over-year decrease in ergonomic-related recordable injuries enterprise-wide between 2013 and 2014.

Identified approximately $138K in cost avoidance and Return-on-Investment of 5 months from four Palmdale PE projects by reducing risk and improving labor efficiency.

Strong Partnership with the Corporation’s Health and Wellness team focused on collective effort toward a healthy and safe workforce and workplace by collaborating on communications, structured improvement activities, and data analytics.
Skunk Works is developing a low-speed wind energy technology using a material that could be placed anywhere the wind is stirring—on the rooftops and walls of buildings, inside subway tunnels, in the downdraft of wind turbines, and on highway medians. The next step is to choose the most efficient design: a thin membrane or a series of panels that tip and vibrate when the air moves.

Lockheed Martin is a founding sponsor of the Mission Ready Sustainability Initiative (MRSI), a platform from which industry may learn from peers and government partners, showcase successes, and launch new sustainable activities and processes. In 2014, MRSI released a Streamlined Life Cycle Assessment report highlighting opportunities to better understand the total cost of ownership of products as an economic discriminator for program selections in the acquisition process.

**GREEN BUILDING CERTIFICATIONS ENABLE US TO:**

- **SAVE MONEY**
- **REDUCE WATER USE**
- **CONSERVE ENERGY**
- **IMPROVE INDOOR AIR QUALITY**
- **MAKE BETTER BUILDING MATERIAL CHOICES**
- **DRIVE INNOVATION**

**LOCKHEED MARTIN RECEIVED 4 CERTIFICATIONS IN 2014, BRINGING OUR TOTAL GREEN BUILDING FOOTPRINT TO APPROXIMATELY 1.6 MILLION SQUARE FEET**

* IS&GS Headquarters, 3rd Floor: Gaithersburg, MD – LEED Gold
  Engineering & Production Facility: Sassenheim, Netherlands – BREEAM
  IS&GS Proposal Center: Rockville, MD – LEED-GA
  Groundwater Treatment Plant: Tallevast, Florida – LEED-Silver
LOCKHEED MARTIN FACILITIES OPERATE ACCORDING TO GLOBAL EESH MANAGEMENT STANDARDS. IN 2014, OUR UK OPERATIONS COMPLETED CERTIFICATION TO BOTH OHSAS AND ISO14001 STANDARDS, INCREASING OUR GLOBAL PORTFOLIO OF CERTIFIED FACILITIES.

CONTINUED PARTICIPATION IN THE INTERNATIONAL ORGANIZATION FOR STANDARDIZATION (ISO) U.S. TECHNICAL ADVISORY GROUP TO HELP SHAPE THE DEVELOPMENT OF ISO 45001, AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM STANDARD THAT WILL IMPROVE PERFORMANCE AND LIMIT HEALTH AND SAFETY RISKS TO OUR EMPLOYEES.

CUT 1/3 OF HAZARDOUS MATERIALS TRANSPORTATION PERMIT APPLICATION COSTS BY CONSOLIDATING SPECIAL PERMITS FROM 5 DOWN TO 2 ISSUED UNDER LOCKHEED MARTIN RATHER THAN A SPECIFIC BUSINESS OR LOCATION.