

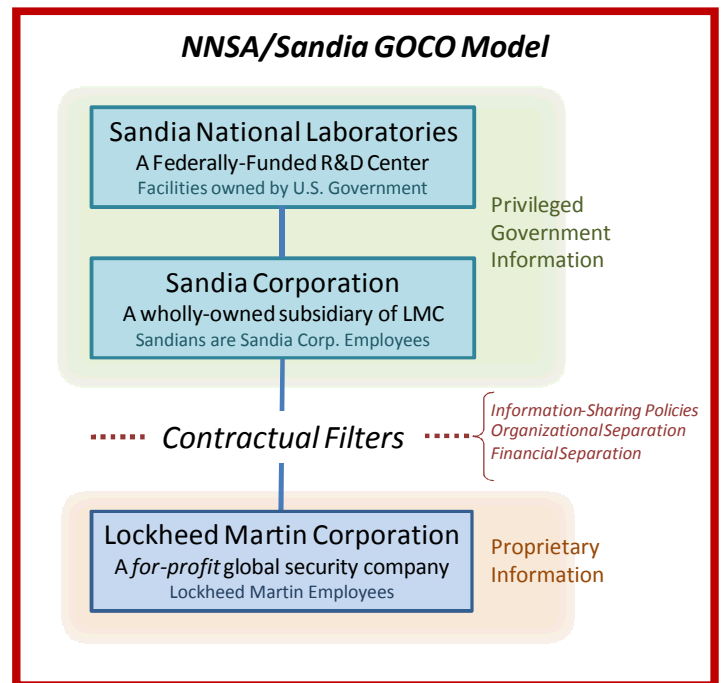
Sandia National Laboratories and Lockheed Martin Corporation

Sandia National Laboratories, a Federally Funded Research and Development Center (FFRDC), is managed and operated for the National Nuclear Security Administration (NNSA) by Sandia Corporation, a wholly owned subsidiary of Lockheed Martin Corporation (LMC).

The government chose the government-owned, contractor-operated (GOCO) model for Sandia National Laboratories some sixty years ago to employ proven private-sector business practices to gain operational efficiencies and effectiveness. The government defines the mission of all the national laboratories and oversees the effectiveness of the Contractors' operations.

The government also recognizes the risk of organizational conflict of interest (OCI) inherent in the GOCO model and addresses it as follows:

- ❖ Federal Acquisition Regulation (FAR) 35.017 requires Sandia to operate with objectivity and independence from outside influence, and to eliminate any instances of organizational conflict of interest.
- ❖ Sandia and LMC executives have different compensation structures and each organization has an independent board of directors.
- ❖ Sandia's OCI management plan, which is required by Sandia's Management and Operating Contract and reviewed annually by NNSA, describes the many, varied firewalls between Sandia and LMC including:
 - Organization: Sandia employees, including executives, are not LMC employees
 - Information: Sandia policies define restrictions on sharing information with LMC
 - Performance: NNSA, not LMC, sets Sandia mission performance objectives and evaluates Sandia performance.
 - Finance:
 - Sandia derives no monetary benefit from LMC profits.
 - LMC's management fee is determined by NNSA's evaluation of Sandia's success in carrying out NNSA performance objectives.



OCI – real or perceived – is best addressed by transparency. If you have any OCI questions or concerns, or would like a copy of Sandia's OCI management plan, please contact Sandia's OCI point of contact, Steve Parker: skparke@sandia.gov, (505) 844-5635, P.O. Box 5800 MS 0180, Albuquerque NM 87185-0180.