

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT  
Under  
THE SECURITIES ACT OF 1933

LOCKHEED MARTIN CORPORATION  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

52-1893632  
(I.R.S. Employer Identification No.)

6801 Rockledge Drive  
Bethesda, Maryland 20817  
(Address of principal executive offices)

Lockheed Salaried Employee Savings Plan Plus  
Lockheed Hourly Employee Savings Plan Plus  
Lockheed Space Operations Company  
Hourly Employee Investment Plan Plus  
(Full title of the plan)

Stephen M. Piper, Esquire  
Assistant General Counsel  
Lockheed Martin Corporation  
6801 Rockledge Drive  
Bethesda, Maryland 20817  
(301) 897-6000

(Name, address, including zip code, and telephone number, including area code,  
of agent for service)

CALCULATION OF REGISTRATION FEE

| Title of securities<br>to be registered        | Amount to be<br>registered(*) | Proposed<br>maximum<br>offering price<br>per share(**) | Proposed<br>maximum<br>aggregate<br>offering price(**) | Amount of<br>registration fee(**) |
|--|-------------------------------|--|--|-----------------------------------|
| Common Stock, par<br>value \$1.00 per share... | 26,000,000                    | \$26.52  | \$689,520,000  | \$237,767.19                      |

(\*) In addition, pursuant to Rule 416(c) under the Securities Act of 1933, this Registration Statement also covers an indeterminate amount of plan interests to be offered or sold pursuant to the plan to which this Registration Statement relates.

(\*\*) At the time of the filing of this Registration Statement on Form S-8, there is no market for the Registrant's securities to be offered. Accordingly, the fee has been computed, pursuant to Rule 457(h)(1) and guidance provided by the Office of Chief Counsel, based on the book value of the securities to be offered as of December 31, 1994.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.  
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The following documents filed by the Registrant, Martin Marietta Corporation, Lockheed Corporation or the Plans with the Securities and Exchange Commission (the "Commission") are incorporated by reference and made a part hereof:

(a) The Registrant's Joint Proxy Statement/Prospectus filed pursuant to Registration Statement No. 33-57645 on Form S-4 filed with the Commission on February 9, 1995;

(b) The description of the Registrant's Common Stock contained in the Registrant's Registration Statement on Form 8-B filed with the Commission pursuant to Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act") (as amended on Form 8-B/A filed with the Commission on March 9, 1995), and any amendment or report filed for the purpose of updating such description; and

(c) Martin Marietta Corporation's Current Report on Form 8-K filed with the Commission on February 13, 1995;

(d) Martin Marietta Corporation's Current Report on Form 8-K filed with the Commission on February 17, 1995;

(e) Lockheed Corporation's Current Report on Form 8-K filed with the Commission on February 21, 1995;

(f) The Plans' Annual Reports on Form 11-K filed with the Commission as Exhibits 99.1, 99.2 and 99.3, respectively, to Lockheed Corporation's Annual Report on Form 10-K/A dated June 28, 1994; and

(g) The Registrant's Current Report on Form 8-K filed with the Commission on March 15, 1995.

All documents subsequently filed by the Registrant, Martin Marietta Corporation, Lockheed Corporation or the Plans pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of the filing of such documents.

Item 4. Description of Securities.  
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Not Applicable

Item 5. Interests of Named Experts and Counsel.  
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The Opinion of Counsel as to the legality of the securities being issued (constituting Exhibit 5) has been rendered by counsel who is a full-time employee of the Registrant. Counsel rendering such opinion is not eligible to participate in the Plans.

Item 6. Indemnification of Directors and Officers.  
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The Maryland General Corporation Law authorizes Maryland corporations to limit the liability of directors and officers to the corporation or its stockholders for money damages, except (a) to the extent that it is proved that the person actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, (b) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding that the person's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding or (c) in respect of certain other actions not applicable to the Registrant. Under the Maryland General Corporation Law, unless limited by charter, indemnification is mandatory if a director or an officer has been successful on the merits or otherwise in the defense of any proceeding by reason of his or her service as a director unless such indemnification is not otherwise permitted as described in the following sentence. Indemnification is permissive unless it is established that (a) the act or omission of the director was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (b) the director actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director had reasonable cause to believe his or her act or omission was unlawful. In addition to the foregoing, a court of appropriate jurisdiction may under certain circumstances order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or officer has met the standards of conduct set forth in the preceding sentence or has been adjudged liable on the basis that a personal benefit was improperly received in a proceeding charging improper personal benefit to the director or officer. If the proceeding was an action by or in the right of the corporation or involved a determination that the director or officer received an improper personal benefit, however, no indemnification may be made if the individual is adjudged liable to the corporation, except to the extent of expenses approved by a court of competent jurisdiction.

Article XI of the charter of the Registrant limits the liability of directors and officers to the fullest extent permitted by the Maryland General Corporation Law. Article XI of the charter of the Registrant also authorizes the Registrant to adopt by-laws

or resolutions to provide for the indemnification of directors and officers. Article VI of the By-laws of the Registrant provides for the indemnification of the Registrant's directors and officers to the fullest extent permitted by the Maryland General Corporation Law. In addition, the Registrant's directors and officers are covered by certain insurance policies maintained by the Registrant.

Item 7. Exemption from Registration Claimed.  
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Not Applicable

Item 8. Exhibits.  
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- 4-A. Lockheed Salaried Employee Savings Plan Plus, as amended and restated through March 1, 1995.
- 4-B. Lockheed Hourly Employee Savings Plan Plus, as amended and restated through March 1, 1995.
- 4-C. Lockheed Space Operations Company Hourly Employee Investment Plan Plus, as amended and restated through March 1, 1995.
- 4-D. Amended and Restated Trust Agreement dated October 1, 1983, between Lockheed Corporation and Bankers Trust Company (included as an exhibit to Registration Statement on Form S-8, No. 33-13205 and incorporated hereby by reference).
- 4-E. Amendment No. 1, dated as of March 1, 1987, to Amended and Restated Trust Agreement, between Lockheed Corporation and Bankers Trust Company (included as an exhibit to Registration Statement on Form S-8, No. 33-13205 and incorporated herein by reference).
- 4-F. Amended and Restated Trust Agreement dated as of January 1, 1984, among Lockheed Corporation, Lockheed Shipbuilding and Construction Company, Lockheed Space Operations Company and Bankers Trust Company (included as an exhibit to Registration Statement on Form S-8, No. 33-13205 and incorporated herein by reference).
- 4-G. Amendment No. 1, dated as of March 1, 1987, to Trust Agreement among Lockheed Corporation, Lockheed Space Operations Company and Bankers Trust Company (included as an exhibit to Registration Statement on Form S-8, No. 33-13205 and incorporated herein by reference).
- 4-H. Amendment No. 2, dated as of August 1, 1987, to Amended and Restated Trust Agreement, between Lockheed Corporation and Bankers Trust Company (included as an exhibit to Post-Effective Amendment No. 1 to Registration

Statement on Form S-8, No. 33-13205 and incorporated herein by reference).

- 4-I. Amendment No. 3, dated as of December 5, 1988, to Amended and Restated Trust Agreement, between Lockheed Corporation and Bankers Trust Company (included as an exhibit to Post-Effective Amendment No. 1 to Registration Statement on Form S-8, No. 33-13205 and incorporated herein by reference).
- 4-J. Amendment No. 4, dated as of March 27, 1989, to Amended and Restated Trust Agreement, between Lockheed Corporation and Bankers Trust Company (included as an exhibit to Post-Effective Amendment No. 1 to Registration Statement on Form S-8, No. 33-13205 and incorporated herein by reference).
- 4-K. Lockheed (ESOP Feature) Trust Agreement effective March 27, 1989, between Lockheed Corporation and U.S. Trust Company of California, N.A. (included as an exhibit to Post-Effective Amendment No. 1 to Registration Statement on Form S-8, No. 33-13205 and incorporated herein by reference).
- 4-L. Amendment No. 2, dated as of December 5, 1988, to Amended and Restated Trust Agreement, among Lockheed Corporation, Lockheed Space Operations Company and Bankers Trust Company (included as an exhibit to Registration Statement on Form S-8, No. 33-34758 and incorporated herein by reference).
- 4-M. Amendment 1989-1, dated as of December 20, 1989, to Lockheed (ESOP Feature) Trust Agreement, between Lockheed Corporation and U.S. Trust Company of California, N.A. (included as an exhibit to Registration Statement on Form S-8, No. 33-34758 and incorporated herein by reference).
- 4-N. Lockheed (Hourly ESOP) Trust Agreement, dated May 9, 1990, among Lockheed Corporation, Lockheed Space Operations Company and U.S. Trust Company of California, N.A. (included as an exhibit to Registration Statement on Form S-8, No. 33-34758 and incorporated herein by reference).
- 4-O. Amendment No. 3, dated as of May 8, 1990, to Amended and Restated Trust Agreement among Lockheed Corporation, Lockheed Space Operations Company and Bankers Trust Company (included as an exhibit to Registration Statement on Form S-8, No. 33-34758 and incorporated herein by reference).
- 4-P. Second Amendment, dated as of February 25, 1991, to Lockheed (ESOP Feature) Trust Agreement, between Lockheed

Corporation and U.S. Trust Company of California, N.A. (included as an exhibit to Post-Effective Amendment No. 1 to Registration Statement on Form S-8, No. 33-34758 and incorporated herein by reference).

- 4-Q. Lockheed (ESOP Feature) Trust Agreement - Amendment 1995-I.
- 5. Opinion of Stephen M. Piper, Esquire
- 23-A. Consent of Ernst & Young LLP (Washington, D.C.).
- 23-B. Consent of Ernst & Young LLP (Los Angeles, CA).
- 23-C. Consent of KPMG Peat Marwick LLP.
- 23-D. Consent of Arthur Andersen LLP.
- 23-E. Consent of Stephen M. Piper, Esquire (contained in Exhibit 5 hereof).
- 25. Powers of Attorney (included as an exhibit to Registration Statement on Form S-8 relating to Lockheed Martin Corporation Directors Deferred Stock Plan filed with the Commission on March 15, 1994 and incorporated herein by reference).

The Registrant hereby undertakes that the Registrant will submit or has submitted the Plans and any amendment thereto to the Internal Revenue Service ("IRS") in a timely manner and has made or will make all changes required by the IRS in order to qualify the Plans.

Item 9. Undertakings.

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(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the

registration statement or any material change to such information in the registration statement;

Provided, however, that subparagraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the County of Montgomery, State of Maryland.

LOCKHEED MARTIN CORPORATION

Date: March 15, 1995

By: /s/ Frank H. Menaker, Jr.

-----  
Frank H. Menaker, Jr.  
Vice President and  
General Counsel

Pursuant to the requirements of the Securities Act of 1933, the trustees (or other persons who administer the Plans) have duly caused this registration statement to be signed on their behalfs by the undersigned, thereunto duly authorized, in the City of Calabasas, State of California.

Date: March 15, 1995

LOCKHEED SALARIED EMPLOYEE  
SAVINGS PLAN PLUS

By: /s/ Walter E. Skowronski

-----  
Walter E. Skowronski  
Chairman, Savings Plan  
Committee

Date: March 15, 1995

LOCKHEED HOURLY EMPLOYEE  
SAVINGS PLAN PLUS

By: /s/ Walter E. Skowronski

-----  
Walter E. Skowronski  
Chairman, Savings Plan  
Committee



Date: March 15, 1995

LOCKHEED SPACE OPERATIONS  
COMPANY HOURLY EMPLOYEE  
INVESTMENT PLAN PLUS

By: /s/ Walter E. Skowronski  
-----  
Walter E. Skowronski  
Chairman, Savings  
Plan Committee

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

| Signature<br>-----   | Title<br>-----  | Date<br>-----  |
|--|---|----------------|
| /s/ Daniel M. Tellep<br>-----<br>Daniel M. Tellep*           | Chairman of the<br>Board and Chief<br>Executive Officer<br>and Director | March 15, 1995 |
| /s/ Marcus C. Bennett<br>-----<br>Marcus C. Bennett*         | Senior Vice<br>President, Chief<br>Financial Officer<br>and Director    | March 15, 1995 |
| /s/ Robert E. Rulon<br>-----<br>Robert E. Rulon*             | Controller and Chief<br>Accounting Officer                              | March 15, 1995 |
| /s/ Norman R. Augustine<br>-----<br>Norman R. Augustine*     | Director  | March 15, 1995 |
| /s/ Lynne V. Cheney<br>-----<br>Lynne V. Cheney*             | Director  | March 15, 1995 |
| /s/ Edwin I. Colodny<br>-----<br>Edwin I. Colodny*           | Director  | March 15, 1995 |
| /s/ Lodwick M. Cook<br>-----<br>Lodwick M. Cook*             | Director  | March 15, 1995 |
| /s/ James L. Everett, III<br>-----<br>James L. Everett, III* | Director  | March 15, 1995 |
| /s/ Houston I. Flournoy<br>-----<br>Houston I. Flournoy*     | Director  | March 15, 1995 |

| Signature<br>-----                                       | Title<br>----- | Date<br>-----  |
|--|----------------|----------------|
| /s/ James F. Gibbons<br>-----<br>James F. Gibbons*       | Director       | March 15, 1995 |
| /s/ Edward E. Hood, Jr.<br>-----<br>Edward E. Hood, Jr.* | Director       | March 15, 1995 |
| /s/ Caleb B. Hurtt<br>-----<br>Caleb B. Hurtt*           | Director       | March 15, 1995 |
| /s/ Gwendolyn S. King<br>-----<br>Gwendolyn S. King*     | Director       | March 15, 1995 |
| /s/ Lawrence O. Kitchen<br>-----<br>Lawrence O. Kitchen* | Director       | March 15, 1995 |
| /s/ Gordon S. Macklin<br>-----<br>Gordon S. Macklin*     | Director       | March 15, 1995 |
| /s/ Vincent N. Marafino<br>-----<br>Vincent N. Marafino* | Director       | March 15, 1995 |
| /s/ Eugene F. Murphy<br>-----<br>Eugene F. Murphy*       | Director       | March 15, 1995 |
| /s/ Allen E. Murray<br>-----<br>Allen E. Murray*         | Director       | March 15, 1995 |
| /s/ Frank Savage<br>-----<br>Frank Savage*               | Director       | March 15, 1995 |
| /s/ Carlisle A.H. Trost<br>-----<br>Carlisle A.H. Trost* | Director       | March 15, 1995 |
| /s/ James R. Ukropina<br>-----<br>James R. Ukropina*     | Director       | March 15, 1995 |

\*By: /s/ Stephen M. Piper  
-----  
(Stephen M. Piper, Attorney-in-fact\*\*)

-----

\*\*By authority of Powers of Attorney filed with this Registration Statement on Form S-8

EXHIBIT INDEX

| Exhibit<br>Number<br>----- | Description<br>-----   | Page<br>No.<br>---- |
|----------------------------|--|---------------------|
| 4-A.                       | Lockheed Salaried Employee Savings Plan Plus, as amended and restated through March 1, 1995.   |                     |
| 4-B.                       | Lockheed Hourly Employee Savings Plan Plus, as amended and restated through March 1, 1995.   |                     |
| 4-C.                       | Lockheed Space Operations Company Hourly Employee Investment Plan Plus, as amended and restated through March 1, 1995.   |                     |
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| 4-G.                       | Amendment No. 1, dated as of March 1, 1987, to Trust Agreement among Lockheed Corporation, Lockheed Space Operations Company and Bankers Trust Company (included as an exhibit to Registration Statement on Form S-8, No. 33-13205 and incorporated herein by reference).  |                     |
| 4-H.                       | Amendment No. 2, dated as of August 1,   |                     |

1987, to Amended and Restated Trust Agreement, between Lockheed Corporation and Bankers Trust Company (included as an exhibit to Post-Effective Amendment No. 1 to Registration Statement on Form S-8, No. 33-13205 and incorporated herein by reference).

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dated May 9, 1990, among Lockheed Corporation, Lockheed Space Operations Company and U.S. Trust Company of California, N.A. (included as an exhibit to Registration Statement on Form S-8, No. 33-34758 and incorporated herein by reference).

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- 23-C. Consent of KPMG Peat Marwick LLP.
- 23-D. Consent of Arthur Andersen LLP.
- 23-E. Consent of Stephen M. Piper, Esquire (contained in Exhibit 5 hereof).
- 25. Powers of Attorney (included as an exhibit to Registration Statement on Form S-8 relating to Lockheed Martin Corporation Directors Deferred Stock Plan filed with the Commission on March 15, 1994 and incorporated herein by reference).

LOCKHEED SALARIED EMPLOYEE SAVINGS PLAN PLUS

(as Amended and Restated Effective March 1, 1995)

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LOCKHEED SALARIED EMPLOYEE  
SAVINGS PLAN PLUS

The Lockheed Salaried Employee Saving Plan Plus as amended and restated effective March 1, 1995, consists of three components. The first component is a profit sharing plan under Section 401(a) of the Code, which includes a qualified cash or deferred arrangement as defined in Section 401(k) of the Code. The second component is an ESOP Feature, which is both a stock bonus plan and an employee stock ownership plan intended to qualify under Sections 401(a) and 4975(e)(7) of the Code, and as such is designed to invest primarily in Stock. The second component also includes a cash or deferred arrangement as defined in Section 401(k) of the Code. The third component effective as of December 31, 1990 is a combination money purchase pension plan and employee stock ownership plan, designed to invest primarily in Stock and intended to qualify under Section 401(a) and 4975(e)(7) of the Code. The money purchase pension component contains an arrangement which is intended to qualify under Code Section 401(h), and which is not part of an employee stock ownership plan. All contributions by the Corporation to the Plan may be made without regard to the current or accumulated profits of the Corporation or any of its subsidiaries or affiliates.

Except as provided otherwise with respect to Employees of Lockheed Aeromod Center, Inc. under Section 17, all Elective Deferrals and After-Tax Contributions and earnings thereon that are invested in Stock shall be in the stock bonus plan component; all such amounts not invested in Stock shall be invested in the profit sharing plan component. All Corporation Matching Contributions to the Plan on and after December 31, 1990 (except as provided otherwise with respect to Employees of Lockheed Aeromod Center, Inc. under Section 17) shall be made to the money purchase pension component as provided in Section 4.05.

SECTION 1

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DEFINITIONS

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SECTION 1.01 - "Acquisition Loan" shall mean a loan or other

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extension of credit described in Code Section 4975(d)(3) which is used to finance the purchase of Stock by the Trustee.

SECTION 1.02 - "After-Tax Contributions" shall mean any after-tax

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contributions a Participant makes to the Plan.

SECTION 1.03 - "Board of Directors" shall mean the Board of Directors

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of Lockheed Corporation.

SECTION 1.04 - "Bond Fund" shall mean the fund which the Trustee shall

-----

invest exclusively in obligations, including notes, issued or fully guaranteed by the United States of America and in savings bank deposits to the extent such deposits are guaranteed by an agency of the United States.

SECTION 1.05 - "Break in Service" shall mean a Termination of

-----

Employment followed by the failure to complete 500 Hours of Service. A Break in Service shall be computed with reference to the twelve consecutive month period beginning on the date (and anniversaries thereof) an Employee is first entitled to be credited with an Hour of Service after his date of hire (or rehire after a Break in Service) by the Corporation. If an Employee is absent from



DEFINITIONS

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work because of such individual's pregnancy, the birth of a child, placement of an adopted child or caring for an adopted or natural child following birth or placement, the individual shall not be treated as having incurred a Break in Service in the Plan Year in which the absence begins, or in the Plan Year in which the absence ends, if the individual would not otherwise have suffered a Break in Service during that Plan Year. No such credit shall be given unless a Participant submits a written request by Filing With The Committee which establishes valid reasons for the absence, as determined by the Committee. Except to the extent that a maternity or paternity absence constitutes an authorized leave of absence from the Corporation under applicable personnel policies, an Employee who is absent from work for reasons of maternity or paternity shall be deemed to have terminated employment for all purposes of this Plan other than the special rules in this Section.

SECTION 1.06 - "Code" shall mean the Internal Revenue Code of 1986, as

- - - - -

now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.

SECTION 1.07 - "Committee" shall mean the Committee referred to in

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Section 11.01.

DEFINITIONS

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SECTION 1.08 - "Corporation" shall mean Lockheed Corporation and any  
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subsidiary or affiliate thereof, if, and to the extent that, the Board of  
Directors shall by resolution so provide.

SECTION 1.08A - "Directable ESOP Contribution" shall mean an ESOP  
-----  
Contribution which the Board of Directors designates as such and which is  
subject to the investment decisions of Participants in accordance with Section  
4.02.

SECTION 1.09 - "Elective Deferral" shall mean that amount specified  
-----  
under Section 3.01(a)(1) to be contributed by the Corporation to the  
Participant's Account in lieu of paying such amount to the Participant in cash,  
and the amount specified under Section 14.01 to be contributed by the  
Corporation to the Participant's Account in lieu of applying such amount to  
benefits for the Participant under the Flexible Benefits Plan. The Elective  
Deferral amount shall constitute contributions to the Plan by the Corporation.

SECTION 1.10 - "Eligible Employee" shall mean an Employee who is  
-----  
eligible to participate in the Plan under Section 2.02 or Section 2.03 or  
Section 17.02.

SECTION 1.11 - "Employee" shall mean any person employed by the  
-----  
Corporation and paid on a salaried basis for employment in the United States, or  
elsewhere if a citizen of the United States, provided that such person is a  
member

## DEFINITIONS

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of a group of employees to which the Plan is extended (1) by the Board of Directors or, as to salaried employees of a wholly-owned subsidiary of Lockheed Corporation, by the Board of Directors of such subsidiary, or (2) by a collective bargaining agreement between the Corporation and a collective bargaining agent which provides that the salaried employees covered by such agreement shall be covered by the Plan. Effective June 26, 1989 and notwithstanding the foregoing, all employees of Sanders Associates, Inc. not covered by a collective bargaining agreement who are paid for employment in the United States, or elsewhere if citizens of the United States, are employees. A non-citizen of the United States, who on or after December 28, 1981 is a member of a group to which the Plan is extended, shall be deemed to be an Employee during any period of employment outside the United States, at the discretion of the Committee. For purposes of calculating Breaks in Service, Hours of Service, Service Time, Termination of Employment and Years of Service, "Employee" shall mean any person employed by the Corporation or by a member of the controlled group of corporations, group of trades or businesses under common control or affiliated service group (within the meaning of Internal Revenue Code Section 414(b), (c) or (m)) of which the Corporation is also a member at that time. A person rendering services to a

DEFINITIONS

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Corporation purportedly as an independent contractor shall not be treated as an Employee before the Corporation has acknowledged that it must withhold federal income taxes from his pay. To the extent required by Internal Revenue Code Section 414(n) or 410(o), a 'leased' worker or other non-employee shall be treated as an Employee but shall not be eligible to participate in this Plan.

SECTION 1.12 - "ERISA" shall mean the Employee Retirement Income

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Security Act of 1974, as now in effect or as hereafter amended.

SECTION 1.13 - "ESOP Allocation Period" shall mean a fiscal accounting

-----

month of Lockheed Corporation, beginning with the July 1989 Month.

SECTION 1.14 - "ESOP Contributions" shall mean the contributions

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described in Section 4A.01.

SECTION 1.15 - "ESOP Feature" shall mean that portion of the Plan

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consisting of an employee stock ownership plan as defined in Code Section 4975(e)(7). The ESOP Feature includes the stock bonus component of the Plan and the money purchase pension component of the Plan, excluding the arrangement described under Section 16, which is designed to meet the requirements of Code Section 401(h).

SECTION 1.16 - "ESOP Fund" shall mean that portion of the Plan which

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consists of Stock, and any income thereon. The ESOP Fund shall include any Stock in the Plan which was

DEFINITIONS

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held in the Lockheed Martin Stock Fund prior to July 1, 1989.

SECTION 1.17 - "ESOP Match Stock" shall mean all Stock in the Plan  
-----  
attributable to Corporation contributions made under Section 4A.01.

SECTION 1.18 - "ESOP Trustee" shall mean the Trustee of the ESOP Fund.  
-----

SECTION 1.19 - "Filing With The Committee" shall mean the delivery of  
-----  
the document in question in such form, in such manner, to such person, and  
within such time limits as the Committee shall designate.

SECTION 1.20 - "Hour of Service" means all hours credited to an  
-----  
Employee pursuant to the following subsections (a), (b) and (c):

(a) "Hour of Service" includes each hour for which an Employee is  
paid, or entitled to payment, for the performance of duties for the  
employer during the applicable computation period.

(b) "Hour of Service" also includes each hour for which an Employee is  
paid, or entitled to payment, by the employer on account of a period of  
time during which no duties are performed (irrespective of whether the  
employment relationship has terminated) due to vacation, holiday, sick  
leave, jury duty, military reserve training leave, or other paid time off,

DEFINITIONS

- - - - -

provided that no more than 501 hours shall be credited under this subsection (b) to an Employee on account of any single continuous period during which the Employee performs no duties; and provided further that no hours shall be credited under this subsection (b) on account of payments made or due under a plan maintained solely to comply with applicable worker's compensation, unemployment compensation or disability insurance laws or on account of payments made solely to reimburse an Employee for medical or medically related expenses.

(c) "Hour of Service" shall also include each hour for which back pay, irrespective of mitigation of damages, is awarded or agreed to by the employer, provided that no hour for which an Employee was given credit pursuant to subsection (a) or (b) of this Section shall also be credited to such Employee under the terms of this subsection (c).

All Hours of Service shall be calculated in a manner consistent with the terms of 29 Code of Federal Regulations Section 2530-200b-2.

SECTION 1.21 - "Leveraged Shares" shall mean shares of Stock acquired

-----  
by the ESOP Trustee with the proceeds of an Acquisition Loan, pursuant to Section 4A.02. Except as required by Code Section 409(h) and by Treasury Regulation Sections 54.4975-7(b)(9), (10), or as otherwise

DEFINITIONS

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required by applicable law, no Leveraged Shares may be subject to a put, call or other option, or buy-sell or similar arrangement while held by, and when distributed from, the Plan, whether or not the Plan is an employee stock ownership plan, within the meaning of Code Section 4975(e)(7), at that time.

SECTION 1.22 - "Loan Suspense Account" shall mean the account under

- - - - -

which Leveraged Shares are held until released for allocation pursuant to Section 4A.03.

SECTION 1.23 - "Lockheed Martin Stock Fund shall mean the fund which

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the Trustee shall invest exclusively in Stock, but excluding any special per capita allocation of Stock to Participants' Accounts under Section 4A.01 and all Stock held under the ESOP Feature after July 1, 1989:

(a) Stock of the Lockheed Martin Stock Fund will be purchased and sold by the Trustee on the open market, with commission expenses charged to the Lockheed Martin Stock Fund. The Trustee will purchase and retain such Stock regardless of market fluctuations, and, in the normal course, shall sell such stock only as necessary to meet administrative and distribution requirements. Cash balances held in the Lockheed Martin Stock Fund shall be limited to such administrative needs.

DEFINITIONS

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(b) A Participant shall have the right to direct the manner in which the Trustee shall vote the Stock allocated to such Participant's Account under the Lockheed Martin Stock Fund, and to direct the Trustee whether such Stock shall be tendered in the event of a public offer for any Stock. For such purposes, Stock allocations shall be based on the last Valuation Date preceding a record date or tender offer. In the absence of voting instructions with respect to any Stock held in the Lockheed Martin Stock Fund, the Trustee shall vote the uninstructed Stock in its discretion. In the absence of tender instructions with respect to any Stock held in the Lockheed Martin Stock Fund, the Trustee shall determine, in its discretion, whether such Stock should be tendered. Notwithstanding (a) above, during the period of any public offer for Stock, the Trustee shall refrain from making additional purchases of Stock for the Lockheed Martin Stock Fund.

SECTION 1.24 - "Month" shall mean Lockheed Corporation's fiscal

-----  
accounting month.

SECTION 1.25 - "Participant" shall mean an Employee who has become a

-----  
Participant in the Plan in the manner described in Section 3.01, or an Employee who was a Participant in the Plan on March 27, 1989.



DEFINITIONS

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SECTION 1.26 - "Plan" shall mean this Lockheed Salaried Employee

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Savings Plan Plus which is a continuation of the Lockheed Salaried Employee Savings Plan. Effective March 27, 1989, "Plan", shall mean the Lockheed Salaried Employee Saving Plan Plus, which combines a profit sharing plan under Section 401(a) of the Code and a stock bonus and employee stock ownership plan under Sections 401(a) and 4975(e)(7) of the Code and which is intended to qualify under such Sections and to constitute a single plan under Treasury Regulation Section 1.414(l)-1(b)(1). Effective December 31, 1990, the Plan shall combine a profit sharing plan under Section 401(a) of the Code, a stock bonus and employee stock ownership plan under Sections 401(a) and 4975(e)(7) of the Code, and a money purchase pension plan and employee stock ownership plan under Sections 401(a) and 4975(e)(7) of the Code. Effective December 31, 1990, the money purchase pension plan component of the Plan shall contain an arrangement intended to qualify under Section 401(h) of the Code and which is not a part of the employee stock ownership plan. The Plan is intended to constitute a single plan under Treasury Regulation Section 1.414(l)-1(b)(1).

SECTION 1.27 - "Plan Year" shall mean Lockheed Corporation's fiscal

- - - - -

accounting year.

DEFINITIONS

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SECTION 1.28 - "Profit Sharing Trustee" shall mean the Trustee of all  
-----  
assets under the Plan other than the ESOP Fund.

SECTION 1.29 - "Quarter" shall mean any consecutive full three fiscal  
-----  
accounting month period commencing on the first day of Lockheed Corporation's  
January, April, July or October Month.

SECTION 1.30 - "Securities Fund" shall mean the fund in which the  
-----  
Trustee shall invest, stressing both possible appreciation of capital and  
current income and income growth. The Securities Fund shall be invested in  
common and preferred stocks, convertible securities and bonds (except stock and  
securities, and bonds issued or guaranteed by the Corporation, or an affiliate,  
subsidiary, or parent corporation of the Corporation), and other types of  
investments.

SECTION 1.31 - "Service Time", for purposes of the Plan, shall mean  
-----  
that period which begins with an Employee's date of hire or rehire by the  
Corporation and continues from such date of hire or rehire until broken by  
Termination of Employment, except that such Termination of Employment shall not  
break his Service Time (and the period of such Terminated Employment shall be  
included in the computation of Service Time) when such period of Terminated  
Employment is:

DEFINITIONS

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(a) for 30 calendar days or less; or

(b) for more than 30 calendar days when Service Time is reinstated or restored in accordance with policies of the Corporation applied on a nondiscriminatory basis or applicable collective bargaining agreements, if any.

SECTION 1.32 - "Shares" shall mean shares of Stock.

-----

SECTION 1.33 - "STIF Fund" shall mean the short term investment fund

-----

in which the Trustee shall invest, stressing preservation of capital, in high quality money market instruments (excluding obligations issued or guaranteed by the Corporation, or any affiliate, subsidiary or parent corporation of the Corporation) including fixed income obligations of the United States of America, financial, industrial or public utility corporations, bankers' acceptances, notes, fully insured savings bank deposits, commercial paper and other similar short term fixed income investments, foreign or domestic, and the Trustee's commingled short term investment fund. Maturities of such instruments shall not exceed thirteen (13) months.

SECTION 1.34 - "Stock" shall mean common stock of Lockheed

-----

Corporation, or, on and after March 15, 1995, Lockheed Martin Corporation.

DEFINITIONS

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SECTION 1.35 - "Termination of Employment" and "Terminated Employment"

-----  
shall mean the removal of an Employee from active and inactive payroll status of the Corporation as evidenced by the processing of a severance notice, provided that an Employee who transfers to employment by Lockheed Corporation or a subsidiary or affiliate thereof shall not be considered as having Terminated his Employment with the Corporation for purposes of the Plan. Notwithstanding the above, "Termination of Employment" and "Terminated Employment" shall mean the layoff of an employee of Sanders Associates, Inc. for a period of four consecutive weeks, regardless of whether the employee is removed from active or inactive payroll status and regardless of whether a severance notice is processed for the employee.

SECTION 1.36 - "Thrift Stock" shall mean all Stock allocated to

-----  
Participants' Accounts attributable to (i) Elective Deferral amounts made at any time; (ii) After-Tax Contributions made at any time; (iii) Corporation Matching Contributions made prior to the first payroll period in the July 1989 Month; and (iv) Corporation Matching Contributions designated by the Board of Directors under Section 4.01 as non-ESOP Contributions.

SECTION 1.37 - "Trustee" shall mean the Profit Sharing Trustee, the

-----  
ESOP Trustee and any other Trustee

DEFINITIONS

- - - - -

referred to in Section 7.01; "Trust Fund" shall mean the Trust Fund or Trust Funds referred to in Section 7.01.

SECTION 1.38 - "Valuation Date" shall mean the last day of the  
-----  
calendar month.

SECTION 1.39 - "Weekly Rate of Compensation" shall mean an Eligible  
-----  
Employee's rate of compensation as recorded on the permanent payroll record for his normal work week without the inclusion of any overtime compensation, shift, field duty, or other bonus or premium payments, expense or living allowance, assignment or relocation payments, incentive payments, royalties, severance pay, lump-sum payment of accrued and prorated vacation at time of Termination of Employment, or payments of like nature. An Eligible Employee's Weekly Rate of Compensation shall specifically include the "Elective Deferral" amount referred to in Section 3.01. Effective October 1, 1992, Weekly Rate of Compensation shall include payments designated as lump-sum in lieu of salary increase, for the pay week in which said lump-sums are paid.

SECTION 1.40 - "Year of Service" shall mean the completion of 1,000  
-----  
Hours of Service over a twelve-month period. A Year of Service shall be computed with reference to successive twelve month periods commencing with the Employee's date of hire by the Corporation or his rehire by the Corporation subsequent to a Break in Service. In no

DEFINITIONS

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event shall an Employee be credited with one Year of Service during any twelve-month period prior to the expiration of twelve months after the commencement of his employment by the Corporation or reemployment by the Corporation subsequent to a Break in Service. For purposes of this Section 1.40:

(a) service time with the Metier Management Systems group of associated companies ("Metier") at the time a Metier employee transfers to the Corporation,

(b) service time with Mathematical Applications Group, Inc. ("MAGI") for an employee of MAGI on September 12, 1985, who became an Employee of CADAM, Inc. on September 13, 1985, and

(c) service time with Personal CAD Systems, Inc. ("PCAD") for an employee of PCAD on March 17, 1989, the date PCAD was acquired by CADAM, Inc.

shall be deemed to be Years of Service with the Corporation.

SECTION 1.41 - "Sanders Associates, Inc." includes Sanders

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Associates, Inc., CalComp, Inc., and Analytyx Electronic Systems, Inc.

SECTION 2

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ELIGIBILITY FOR PARTICIPATION

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SECTION 2.01 - Participation in the Plan on the part of an Employee is

-----

voluntary.

SECTION 2.02

-----

(a) Eligibility Rule for New Employee. An Employee who has not been

-----

previously employed by the Corporation is eligible to become a Participant at the beginning of the payroll period coincident with or next following the completion of one Year of Service. For purposes of the Plan "payroll period" shall mean with respect to any Employee, the intervals at which such Employee receives compensation from the Corporation for services performed for the Corporation."

(b) Eligibility Rule for Rehired Eligible Employee or Participant. An

-----

Employee who Terminates his Employment after completing one Year of Service or becoming a Participant shall be eligible to participate in the Plan at the beginning of the payroll period coincident with or next following his date of rehire.

(c) Eligibility Rule for Non-Eligible Employees Rehired Before a Break

-----

in Service. An Employee who Terminates his Employment before completing

-----

one Year of Service and who is reemployed by the Corporation before incurring a Break in Service shall retain his prior

ELIGIBILITY FOR PARTICIPATION

Hours of Service and shall be eligible to become a Participant upon completion of one Year of Service. Such an Employee's Year of Service and Breaks in Service shall continue to be calculated with reference to successive twelve-month periods commencing on the date the Employee is first entitled to be credited with an Hour of Service following his original date of employment.

(d) General Eligibility Rule for Non-Eligible Employees Rehired After

a Break in Service. An Employee who Terminates his Employment before

completing one Year of Service and who incurs a Break in Service must complete one Year of Service after reemployment with the Corporation as though he had not previously been an Employee. Such an Employee's Year of Service and Breaks in Service subsequent to his reemployment shall be calculated with reference to successive twelve-month periods commencing on the date the Employee is first entitled to be credited with an Hour of Service following his reemployment.

(e) Special Eligibility Rules for Non-Eligible Employee Rehired After

a Break in Service. Notwithstanding the provisions of subsection (d)

above, in determining whether a rehired Employee who Terminates his Employment and incurs a Break in Service



ELIGIBILITY FOR PARTICIPATION

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before completing one Year of Service is eligible to become a Participant after his reemployment, the following special rules should be applied:

(1) An Employee who has been rehired by the Corporation subsequent to a Break in Service and has his Service Time reinstated or restored to a prior date of hire or rehire by the Corporation and is credited with one year or more of unbroken Service Time as a result of such reinstatement or restoration is eligible to become a Participant at the beginning of the payroll period coincident with or next following his date of rehire.

(2) An Employee who was not previously eligible to become a Participant and has been rehired by the Corporation subsequent to a Break in Service and has his Service Time reinstated or restored to a prior date of hire or rehire by the Corporation is eligible to become a Participant at the beginning of the payroll period coincident with or next following the completion of one year of unbroken Service Time, including credit for prior Service Time as a result of such reinstatement or restoration, or upon the completion of one Year of Service, whichever is the first to occur.

ELIGIBILITY FOR PARTICIPATION

(f) Eligibility Rule for Employees of Sanders Associates, Inc. on June 26, 1989. An employee of Sanders Associates, Inc. on June 26, 1989 who is eligible on that date to participate in the Sanders Associates, Inc. Thrift Plan, as amended and restated February 28, 1989 ("Thrift Plan"), may become a Participant in this Plan at the beginning of the payroll period coincident with or next following June 26, 1989. An employee of Sanders Associates, Inc. on June 26, 1989 not eligible to become a Participant under the provisions of the preceding sentence shall be eligible to become a Participant in this Plan at the beginning of the payroll period coincident with or next following the date he would have become eligible to participate in the Thrift Plan under the terms of the Thrift Plan.

Notwithstanding the foregoing, any Employee who meets the eligibility requirements prescribed in this Section 2.02, shall become eligible to become a Participant no later than the earlier of (i) the first day of the first Plan Year beginning after the date on which such Employee satisfied such requirements, or (ii) the date which is six months after the date on which such Employee satisfied such requirements.

ELIGIBILITY FOR PARTICIPATION

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SECTION 2.03 - A Participant may not make an Elective Deferral or

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After-Tax Contribution under the Plan for any week in which he is not an Employee.

SECTION 3  
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EMPLOYEE PARTICIPATION  
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SECTION 3.01 - (a) An Eligible Employee may become a Participant in  
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the Plan by Filing With The Committee documents which shall:

(1) specify as a percentage of his Weekly Rate of Compensation the Elective Deferral amount and After-Tax Contribution to be deducted from his wages and paid to the Trustee on his behalf;

(2) specify the portion of said weekly After-Tax Contribution and Elective Deferral amount which is to be allocated to the Bond Fund, the Securities Fund, the STIF Fund, the Lockheed Martin Stock Fund and/or the ESOP Fund;

(3) designate a beneficiary or beneficiaries to receive any payment which may be due under the Plan upon his death; and

(4) contain such other or additional information as in the opinion of the Committee is desirable or necessary in the operation of the Plan.

(b) An Eligible Employee shall become a Participant by receiving an allocation to his Account in accordance with the final paragraph of Section 4A.01.

SECTION 3.02 - The Elective Deferral amount and After-Tax Contribution  
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shall be made by payroll deductions

EMPLOYEE PARTICIPATION

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from a Participant's Weekly Rate of Compensation and the amounts so deducted shall be paid to the Trustee during the Month in which the deduction is made. The percentage which is specified under Section 3.01(a)(1) and deducted under this Section shall be either two percent (2%), or four percent (4%), or six percent (6%), or eight percent (8%), or ten percent (10%), or twelve percent (12%) of his Weekly Rate of Compensation, as specified by the Participant subject to the provisions of Sections 3.08, 3.09 and 3.10. After-Tax Contributions made pursuant to Section 3.12 shall be treated in the same manner as Elective Deferrals for purposes of Section 3 of this Plan (excluding the provisions of Sections 3.08, 3.09 and 3.10) and Sections 4 and 4A of this Plan governing Corporation Matching Contributions, subject to the total of After-Tax Contributions and Elective Deferrals being taken into account only to the extent they would have been taken into account if they had been made wholly as Elective Deferrals.

SECTION 3.03 - A Participant may revoke the specification made under

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Section 3.01(a)(1) by Filing With The Committee. A Participant who revokes such specification to direct that no further Elective Deferral amounts shall be deducted from his Weekly Rate of Compensation may not again make further Elective Deferrals prior to the beginning of

EMPLOYEE PARTICIPATION

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the payroll period next following the end of the Plan Year in which he revoked his specification.

SECTION 3.04 - Effective June 1, 1993, an Eligible Employee shall

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annually make the specifications required in Sections 3.01(a)(1) and 3.01(a)(2) during the calendar month of October, or during other special enrollment periods whenever directed by the Corporate Salary Board. An Employee who may become an Eligible Employee under Section 2.02, 2.02(a), 17.02, or 17.02(b) in November or December of a Plan Year shall also make the specifications required in Sections 3.01(a)(1) and 3.01(a)(2) only during the calendar month of October. A former Employee rehired in November or December of a Plan Year who is eligible to participate under Section 2.02(b) or (c), Section 17.02(c) or (d) or under Section 2.03 shall make the specifications required in Section 3.01(a)(1) and 3.01(a)(2) upon becoming an Employee subject to the provisions of Section 3.09. Such specifications required in Sections 3.01(a)(1) and 3.01(a)(2) made under this Section shall become effective at the beginning of the payroll period next following the end of the Plan Year in which such specifications are Filed With The Committee. The Committee may also, from time to time, (i) designate special periods during which Eligible Employees may make the specifications required under

EMPLOYEE PARTICIPATION

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Sections 3.01(a)(1) and 3.01(a)(2) and (ii) establish special effective dates for such specifications.

SECTION 3.05

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(a) In making the specification required in Section 3.01(a)(2) the Eligible Employee shall specify that the weekly Elective Deferral amount shall be invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund, or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other funds, or three-fourths in one Fund and one-fourth in one of the other Funds. Alternatively, the Eligible Employee may specify that one-fourth of the weekly Elective Deferral amount shall be invested in Stock in lieu of one of the other Funds. Such specification by an Eligible Employee shall be deemed to be a continuing direction to the Trustee unless and until changed under the following provisions of this Section or Section 3.04. A Participant may change such specification under this Section only once each Quarter and may do so by Filing With The Committee a change in prior specification during the Quarter. A change in prior specification pursuant to this Section 3.05 shall provide that, commencing with the beginning of the payroll period next following the end of the

EMPLOYEE PARTICIPATION

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Month in which the change is Filed With The Committee, the Participant's weekly Elective Deferral amount shall be invested by the Trustee as specified by the Participant. Any change made pursuant to this Section 3.05 shall not affect the investment of any contributions by such Participant and by the Corporation prior to the beginning of such first pay period following the end of the Month in which the change is Filed With The Committee.

(b) A change in specification made pursuant to this Section 3.05 shall supersede all other option specifications made pursuant to Section 3.01(a)(2), 3.04 or this Section 3.05.

(c) An Employee making loan repayments pursuant to Section 9.04(b) may make a change in prior specification under this Section 3.05 even though Elective Deferrals are not being deducted from his Weekly Rate of Compensation at the time such change in specification is Filed With The Committee.

(d) Notwithstanding any other provision of this Section 3.05 to the contrary, a Participant may not file an election under this Section which would have an effective date in the same Quarter as the effective date of a previous election under this Section, unless such new election is made pursuant to a special



EMPLOYEE PARTICIPATION

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election period established by the Committee pursuant to Section 3.05(e).

(e) The Committee may, from time to time, (i) designate special election periods during which Participants may make the election under Section 3.05(a), and (ii) establish special effective dates for any such elections.

SECTION 3.06 -

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(a) Subject to Section 3.06(b), below, a Participant may elect, by Filing With The Committee, to have the dollar value of all Units and Shares (excluding Shares of ESOP Match Stock) credited to his Participant's Account on the Valuation Date of the first month following the end of the calendar month in which the election is filed, invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund, or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other Funds, or three-fourths in one Fund and one-fourth in one of the other Funds. Alternatively, a Participant may elect to have one-fourth of such dollar value invested in Stock in lieu of one of the other funds. Alternatively, a Participant may elect to have such dollar value invested in Stock in lieu of one of

EMPLOYEE PARTICIPATION

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the other funds. Once Filed With The Committee the election may not be withdrawn. For the sole purpose of this Section 3.06 of the Plan, the effective date of the election shall be the Valuation Date of the first month following the calendar month in which the election is Filed With The Committee. Notwithstanding the foregoing, a Participant shall not have the right to direct the investment of any ESOP Match Stock allocated to his Participant's Account, and any income thereon, except in the case of Directable ESOP Contributions, or as otherwise provided in Section 4A.05.

(b) Notwithstanding any other provision of this Section 3.06 to the contrary, a Participant may not file an election under this Section which would have an effective date in the same calendar year as the effective date of a previous election under this Section, unless such new election is made pursuant to the special election period established by the Committee pursuant to Section 3.06(c).

(c) The Committee may, from time to time, (i) designate special election periods during which Participants may make the election under Section 3.06(a), and (ii) establish special effective dates for any such election.

EMPLOYEE PARTICIPATION

SECTION 3.07 - Elective Deferrals under this Plan are intended to

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qualify as non-discriminatory under Section 401(a)(4) of the Code. To ensure this, the procedures outlined in this Section shall be followed and the Committee may take such further action as it deems appropriate. An Eligible Employee, whether or not such Employee elects to contribute, making the specifications in the calendar month of October of each Plan Year under Section 3.04 shall be placed in one of two groups. One group shall consist of those Eligible Employees whose Weekly Rate of Compensation exceeds the Weekly Rate of Compensation of two-thirds of all Eligible Employees; the second group shall consist of all other remaining Eligible Employees.

The "Average Deferral Percentage" for the top one-third and for the lower two-thirds for a Plan Year shall be the average of the ratios calculated separately for each Eligible Employee, including Eligible Employees who have not filed a specification under Section 3.04, in such top one-third or lower two-thirds group of:

(a) The Elective Deferral amount specified under Section 3.04 by the Eligible Employee for the next Plan Year, to

(b) the Weekly Rate of Compensation of such Eligible Employee for the first payroll period in such Plan Year.

EMPLOYEE PARTICIPATION

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The Average Deferral Percentage for the top one-third group of all Eligible Employees shall not exceed the greater of (a) or (b) below:

(a) 1.25 times the Average Deferral Percentage of all Eligible Employees whose Weekly Rate of Compensation is among the lower two-thirds of all Eligible Employees, or

(b) The lesser of the following two amounts:

(1) 2.0 times the Average Deferral Percentage of all Eligible Employees whose Weekly Rate of Compensation is among the lower two-thirds of all Eligible Employees, or

(2) the Average Deferral Percentage of the lower two-thirds of all Eligible Employees plus two (2) percentage points.

SECTION 3.08 - The Committee shall determine prior to the effective

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date of the Elective Deferral whether there is a reasonable expectation that the Average Deferral Percentage results projected for the next Plan Year will satisfy either of the tests contained in Section 3.07. If, in the Committee's determination, neither of the tests described in Section 3.07 will be satisfied, the following procedure will be followed:

(a) A reduction in the percentage specified under Section 3.04 for Eligible Employees whose Weekly Rate

EMPLOYEE PARTICIPATION

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of Compensation is among the top one-third of all Eligible Employees will be made. Such reduction will be applied to the percentage of the Eligible Employee in such group who (a) has the highest Weekly Rate of Compensation in such group and (b) also has the highest percentage. The reduction shall be applied by 1/10 of 1 percentage point reductions to the percentage of such Eligible Employee included in the top one-third group and the tests described in Section 3.07 will be re-run. This procedure will be repeated until one of the tests specified in Section 3.07 is satisfied.

(b) If a reduction in the amount of the percentage is required as a result of the application of Section 3.08(a), the reduction shall be paid to the Eligible Employee as taxable earnings for the pay periods in the Plan Year to which the reduction applies.

SECTION 3.09 - If an Employee is rehired by the Corporation under

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Section 2.02(b) or (c), Section 17.02(c) or (d), or under Section 2.03 during the month of November or December of a Plan Year, and is also in the top one-third group of Eligible Employees as determined under Section 3.07, the percentage of such Employee, for purposes of Section 3.04, will be limited to the Average Deferral Percentage as calculated under Section 3.08 for the top one-

EMPLOYEE PARTICIPATION

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third group. Such Eligible Employees who are determined to be in the lower two-thirds group shall be permitted to specify up to the maximum allowable percentage as described in Section 3.02.

SECTION 3.10 - Notwithstanding any other provision of the Plan to the

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contrary, if an Employee becomes an Eligible Employee at any time during the Plan Year and is also in the top one-third group of Eligible Employees as determined under Section 3.07 for the Plan Year in which he becomes an Eligible Employee, the percentage of such Eligible Employee will be limited to the Average Deferral Percentage as calculated under Section 3.08 for the top one-third group. Such percentage shall remain in effect for the balance of the Plan Year in which he begins making an Elective Deferral. Such Eligible Employees who are determined to be in the lower two-thirds group shall be permitted to specify up to the maximum allowable Elective Deferral percentage as described in Section 3.02 or 17.03. Such Eligible Employee must make the specifications required under Sections 3.01(a)(1) and 3.01(a)(2) within thirty (30) days from the date he becomes an Eligible Employee.

SECTION 3.11 - Notwithstanding any other provision of the Plan to the

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contrary, a Participant will be suspended from making an Elective Deferral under the Plan for any week in which a garnishment, attachment, levy or other legal

EMPLOYEE PARTICIPATION

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process is imposed on a Participant's Weekly Rate of Compensation.

SECTION 3.12 - When a Participant is prevented by the annual deferral

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limitation of Internal Revenue Code Section 402(g) from making the maximum Elective Deferral otherwise permitted by the Plan, there shall continue to be deducted from the Participant's wages (effective for the payroll period in which the Participant's Elective Deferral amount is first so limited) amounts equal to the Elective Deferrals which would otherwise have been deducted, but such amounts shall constitute After-Tax Contributions. If a Participant does not want these After-Tax Contributions to be made, the Participant may elect that no such contributions be made by Filing With The Committee. A Participant whose Elective Deferrals are not in excess of the annual deferral limitation of Internal Revenue Code Section 402(g) shall also be permitted to make After-Tax Contributions to the Plan. Amounts contributed by a Participant pursuant to this Section for a Plan Year, when added to the Participant's Elective Deferrals for the Plan Year, may not exceed the maximum Elective Deferral amount permitted under Sections 3.02 or 17.03 for the Plan Year. In addition, After-Tax Contributions may be limited by the Committee in any other way it deems appropriate. The Participant's After-Tax Contributions shall be accounted for

EMPLOYEE PARTICIPATION  
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separately within the Participant's Account. A Participant may withdraw such After-Tax Contributions made pursuant to this Section in the same manner and subject to the same conditions as provided in Section 9.01 for contributions made by Participants prior to December 26, 1983, but only after all contributions made by such Participant prior to December 26, 1983 have been withdrawn.



SECTION 4

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CORPORATION MATCHING CONTRIBUTIONS

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SECTION 4.01

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(a) For Elective Deferral amounts made before the first payroll period in Lockheed Corporation's July 1989 Month, the Corporation will contribute to the Trustee an amount equal to fifty percent (50%) of the Elective Deferral amount specified by Participants during the Month immediately preceding the date of such matching contribution by the Corporation. The fifty percent (50%) "Corporation Matching Contribution" made under this Section 4.01(a) shall be limited to Elective Deferral amounts up to eight percent (8%) of the Participant's Weekly Rate of Compensation. Elective Deferral amounts over eight percent (8%) of the Participant's Weekly Rate of Compensation shall not be subject to the fifty percent (50%) Corporation Matching Contributions.

(b) For Elective Deferral amounts made after the beginning of the first payroll period in Lockheed Corporation's July 1989 Month, the Corporation will make a Corporation Matching Contribution to the Trustee equal to sixty percent (60%) of the Elective Deferral amounts specified by each Participant during the Month immediately preceding the date of such contribution up

CORPORATION MATCHING CONTRIBUTIONS

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to eight percent (8%) of such Participant's Weekly Rate of Compensation. For purposes of the preceding sentence, the value of Shares released from the Loan Suspense Account in accordance with Section 4A.03(b) and allocated to Participants' Accounts in accordance with Section 4A.03(f) shall be treated as Corporation Matching Contributions and shall be considered ESOP Contributions in accordance with Section 4A.01(a).

(c) The amount, if any, by which any Corporation Matching Contribution to be made after the beginning of the first payroll period in Lockheed Corporation's July 1989 Month exceeds the value of Shares released from the Loan Suspense Account in accordance with Section 4A.03(b) and allocated to Participants' Accounts in accordance with Section 4A.03(f), will be made to the ESOP Trustee in cash, Shares or any other property acceptable to the ESOP Trustee as an ESOP Contribution. For contributions made after the beginning of the first payroll period in Lockheed Corporation's January 1991 Month, the Board of Directors may, in its discretion, designate prior to or at the time of the contribution that such ESOP Contribution is a Directable ESOP Contribution.

(d) If the amount of any Corporation Matching Contribution to be made after the beginning of the

CORPORATION MATCHING CONTRIBUTIONS

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first payroll period in Lockheed Corporation's July 1989 Month is less than the value of Shares released from the Loan Suspense Account in accordance with Section 4A.03(b) and allocated to Participants' Accounts in accordance with Section 4A.03(f), such excess value shall be allocated among Participants' Accounts as provided under Section 4A.03(f) as an additional Corporation Matching Contribution that is an ESOP Contribution.

SECTION 4.02 - Corporation Matching Contributions for each Month shall

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be allocated by the Trustee to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and to the ESOP Fund, in the same proportion as Elective Deferral amounts specified by Participants during such Month are allocated to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and to the ESOP Fund. Notwithstanding the foregoing, ESOP Contributions shall be wholly invested in Stock, except to any extent designated as Directable ESOP Contributions or as provided otherwise due to an election under Section 4A.05. Directable ESOP Contributions for each Month shall be allocated by the Trustee to the Bond Fund, the Securities Fund, the STIF Fund and to the ESOP Fund, in the same proportion as Elective Deferral amounts specified by Participants during such Month are allocated to such Funds.

CORPORATION MATCHING CONTRIBUTIONS

SECTION 4.03 - No part of the Corporation Matching Contributions or

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ESOP Contributions other than Corporation Matching Contributions paid to the Trustee shall be recoverable by the Corporation, except as otherwise provided in Section 4A.10. However, with respect to a Participant whose benefits under the Plan are forfeited under the provisions of Sections 8.02, 8.04 and 12.07, by Termination of Employment, all amounts so forfeited shall be credited against, and reduce to the extent of such credit, the amount of future Corporation Matching Contributions otherwise to be made under Section 4.01 or Section 17.04 or contributions required under Sections 4A.03(a) or 4A.01(a).

SECTION 4.04 - Except in accordance with applicable federal and state

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law, no liability for the payment of benefits under the Plan shall be imposed upon the Corporation, its officers, directors, employees, or shareholders or the Committee or any of its members, nor shall they be subject to any suit or litigation or to any legal liability for any cause, or reason, or thing whatsoever in connection with the Plan or in connection with the operation of the Trust Funds. This shall not affect any obligation of the Corporation to pay any specific contribution to the Trustees which it has accrued and expressly obligated itself to pay, nor shall it affect the right, if any, of a Participant or beneficiary to seek

CORPORATION MATCHING CONTRIBUTIONS

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redress against the proper person or persons, corporation, firm or trustee who violate his rights under the Plan.

SECTION 4.05 - On and after December 31, 1990, the Corporation

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Matching Contributions shall be made to the money purchase pension plan component of the Plan. In accordance with Section 4A.03(b), the minimum Corporation Matching Contribution shall equal the amount released from the Loan Suspense Account. Any contributions made by the Corporation to the Plan which exceed the greater of such minimum Corporation Matching Contribution or the amounts provided for in Section 4.01(b), shall be made to the stock bonus component or to the profit sharing component of the Plan, as designated by the Board of Directors.

SECTION 4A

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ESOP PROVISIONS

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SECTION 4A.01 - ESOP Contributions shall be wholly invested in Stock

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(except as provided otherwise due to an election under Section 4A.05 and except as designated as Directable ESOP Contributions pursuant to Section 4.01) and shall include the amounts described in Sections 4A.01(a) and (b) below. The Corporation may make all or a part of any such contributions out of its treasury shares or authorized but unissued shares.

(a) Corporation Matching Contributions made after the beginning of the first payroll period in Lockheed Corporation's July 1989 Month are ESOP Contributions unless otherwise provided under Section 4.01.

(b) The Corporation, in the discretion of the Board of Directors, may also, from time to time, make special per capita contributions and allocations of Shares to the Accounts of Participants who have not Terminated Employment.

Subject to the limitations of Section 5.02, the Corporation, in the discretion of the Board of Directors, may make a contribution to the profit sharing and/or stock bonus components of the Plan for any Month in addition to its contribution to the money purchase pension component of the Plan under Section 4.05. Any such additional

ESOP PROVISIONS

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contribution, together with any Shares released from the Loan Suspense Account under Section 4A.03(b) that may not be allocated to Participants' Accounts in accordance with the provisions of Section 5.02 or Code Section 401(m), shall be allocated among the Accounts of Eligible Employees who have not Terminated Employment in the proportion that each such Eligible Employee's Weekly Rate of Compensation bears to the Weekly Rate of Compensation of all such Eligible Employees, excluding any Employee to the extent such allocation to the Employee's Account would exceed the maximum permissible amount under Section 5.02.

SECTION 4A.02 - The Corporation may direct the ESOP Trustee to incur

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Acquisition Loans from time to time to finance the acquisition of Leveraged Shares or to repay a prior Acquisition Loan. Any Acquisition Loan shall be primarily for the benefit of Participants and their beneficiaries. The proceeds of any Acquisition Loan shall be used within a reasonable time only to finance the acquisition of Leveraged Shares or to repay a prior Acquisition Loan. Any Acquisition Loan shall be an obligation of the ESOP Feature of the Plan and shall be for a specific term, shall bear a reasonable rate of interest, and shall not be payable on demand except in the event of default. In the event of default under an Acquisition Loan, the value of Trust assets transferred in satisfaction of any

## ESOP PROVISIONS

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Acquisition Loan shall not exceed the amount of the default. Any Acquisition Loan may be secured by collateral pledge of the Leveraged Shares so acquired. No other Trust assets may be pledged as collateral for an Acquisition Loan, and no lender shall have recourse against Trust assets other than any Leveraged Shares remaining subject to pledge. Any pledge of Leveraged Shares must provide for the release of shares so pledged on a pro rata basis as principal and interest on the Acquisition Loan is repaid by the ESOP Trustee and such Leveraged Shares are allocated to Participants' Accounts as provided under Section 4A.03. Except upon termination of the Plan or the ESOP Feature of the Plan, as provided in Section 4A.11, repayments of principal and interest on any Acquisition Loan shall be made by the ESOP Trustee (as directed by the Corporation) only from ESOP Contributions paid in cash to enable the ESOP Trustee to repay such Acquisition Loan, from earnings attributable to such contributions, from any collateral given for the Acquisition Loan, from any cash dividends paid on Stock (whether or not allocated to the Participants' Accounts) and from any interest on cash dividends paid on Stock that is not allocated to any Participant's Account. In acquiring Leveraged Shares, the ESOP Trustee shall pay no more than "adequate consideration" (as defined in Section 3(18) of ERISA).



ESOP PROVISIONS

SECTION 4A.03 -

(a) Effective as of the first payroll period in the July 1989 Month, for each ESOP Allocation Period during which there are Leveraged Shares in the Loan Suspense Account, the Corporation shall make contributions in an amount sufficient to enable the ESOP Trustee to pay any currently maturing obligation under an Acquisition Loan, without regard to the accumulated earnings and profits of the Corporation.

(b) Any Leveraged Shares shall initially be credited to the Loan Suspense Account and shall be allocated to Participants' Accounts for each ESOP Allocation Period only as payments of principal and interest on the Acquisition Loan used to purchase such Leveraged Shares are made by the ESOP Trustee. The number of Leveraged Shares to be released from the Loan Suspense Account as soon as practicable following any amortization of an Acquisition Loan shall equal the number of Leveraged Shares in the Loan Suspense Account immediately before release multiplied by a fraction. The numerator of the fraction shall be the amount of ESOP Contributions and any dividends on Stock which are applied to the payment of principal and interest on the Acquisition Loan during the ESOP Allocation Period(s). The denominator of the fraction shall be the sum of the

ESOP PROVISIONS

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numerator plus the principal and interest to be paid for all future periods over the duration of the Acquisition Loan repayment period. For purposes of computing the denominator of the fraction referred to above, if the interest rate on the Acquisition Loan is variable, the interest to be paid in subsequent ESOP Allocation Periods shall be calculated by assuming that the interest rate in effect as of the date of amortization and release from the Loan Suspense Account will be the interest rate in effect for the remainder of the term of the Acquisition Loan. Notwithstanding the foregoing, in the event such Acquisition Loan shall be repaid with the proceeds of a subsequent Acquisition Loan ("Substitute Loan"), such repayment shall not operate to release all such Shares from the Loan Suspense Account, but, rather, such release shall be effected pursuant to the foregoing provisions of this Section 4A.03(b) on the basis of payments of principal and interest on such Substitute Loan.

(c) If permitted by the Board of Directors pursuant to a one-time irrevocable designation (which shall be made, if at all, upon the making of an Acquisition Loan) by the Board of Directors, then, in lieu of applying the provisions of Section 4A.03(b) with respect to an Acquisition Loan, Shares shall be

ESOP PROVISIONS

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released from the Loan Suspense Account as the principal amount of such Acquisition Loan is repaid (without regard to interest payments) provided the following three conditions are satisfied:

(i) The Acquisition Loan shall provide for annual payments of principal and interest at a cumulative rate that is not less rapid at any time than level annual payments of such amounts for ten years;

(ii) The interest portion of any payment shall be disregarded only to the extent it would be treated as interest under standard loan amortization tables; and

(iii) If the Acquisition Loan is renewed, extended or refinanced, the sum of the expired duration of the Acquisition Loan and the renewal, extension or new Acquisition Loan shall not exceed ten years.

(d) If at any time there is more than one Acquisition Loan outstanding, then separate accounts shall be established under the Loan Suspense Account for each such Acquisition Loan. Each Acquisition Loan for which a separate account is maintained shall be treated separately for purposes of the provisions governing the release of Shares from the Loan Suspense

ESOP PROVISIONS

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Account under this Section 4A.03 (including for purposes of determining whether Section 4A.03(b) or Section 4A.03(c) governs the release of Shares from any particular Loan Suspense Account).

(e) As soon as practicable following the release of Leveraged Shares from the Loan Suspense Account as a result of a loan amortization payment, a portion of the total number of Shares so released shall be allocated to Participants' Accounts based on the amounts of any dividends on Stock used to make the loan amortization payment. The portion so released shall be separately calculated with respect to (i) cash dividends on Stock held in Participants' Accounts (the "Allocated Dividends") and (ii) dividends on Stock held in the Loan Suspense Account (the "Unallocated Dividends"). The number of released shares with respect to Allocated Dividends shall be determined and allocated in accordance with the provisions of Section 4A.06. The number of released shares with respect to Unallocated Dividends shall be allocated among Participants' Accounts pursuant to Subsection (f) below.

(f) As soon as practicable following each ESOP Allocation Period, all Leveraged Shares that have been released from the Loan Suspense Account as a result of loan amortization payments made during such ESOP

ESOP PROVISIONS

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Allocation Period that have not and will not be allocated pursuant to Subsection (e) shall be allocated to Participants' Accounts pursuant to this Subsection (f). For any ESOP Allocation Period such Leveraged Shares shall be allocated to a Participant's Account in the same proportion that the amount of such Participant's Elective Deferral amounts made during such ESOP Allocation Period up to eight percent (8%) of such Participant's Weekly Rate of Compensation for the ESOP Allocation Period bears to the total amount of Elective Deferral amounts for the ESOP Allocation Period of all Participants, counting only the Elective Deferral amounts of each such Participant up to eight percent (8%) of each such Participant's Weekly Rate of Compensation for the ESOP Allocation Period. Any such allocation shall be considered "matching contributions" for purposes of Code Section 401(m).

SECTION 4A.04 - If at the time of distribution, Stock distributed from

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the ESOP Fund is not readily tradeable on an established market within the meaning of Section 409(h) of the Code and the Regulations, such Stock shall be subject to a put option in the hands of a Qualified Holder by which such Qualified Holder may sell all or any part of the Stock distributed to him by the ESOP Fund to the ESOP Trustee. Should the ESOP Trustee decline to purchase

ESOP PROVISIONS

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all or any part of the Stock put to it by the Qualified Holder, the Corporation shall purchase the Stock that the ESOP Trustee declines to purchase. The put option shall be subject to the following conditions:

(a) The term "Qualified Holder" shall mean the Participant or beneficiary receiving the distribution of such Stock, any other party to whom the Stock is transferred by gift or by reason of death, and also any trustee of an individual retirement account (as defined under Code Section 408) to which all or any portion of the distributed Stock is transferred pursuant to a tax-free "rollover" transaction satisfying the requirements of Sections 402 and 408 of the Code.

(b) During the 60-day period following any distribution of such Stock, a Qualified Holder shall have the right to require the Corporation to purchase all or a portion of the distributed Stock held by the Qualified Holder. The purchase price to be paid for any such Stock shall be their fair market value determined (1) as of the Valuation Date coinciding with or next preceding the exercise of the put option under this Section 4A.04 or, (2) in the case of a transaction between the Plan and a "disqualified person" within the meaning of Section 4975(e)(2) of the Code or a "party

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in interest" within the meaning of Section 3(14) of ERISA, as of the date of the transaction.

(c) If a Qualified Holder shall fail to exercise his put option right under Section 4A.04(b), the option right shall temporarily lapse upon the expiration of the 60-day period. As soon as practicable following the last day of the Plan Year in which the 60-day option period expires, the Corporation shall notify the non-electing Qualified Holder (if he is then a shareholder of record) of the valuation of the Stock as of that date. During the 60-day period following receipt of such valuation notice, the Qualified Holder shall again have the right to require the Corporation to purchase all or any portion of the distributed Stock. The purchase price to be paid therefor shall be fair market value determined (1) as of the Valuation Date coinciding with or next preceding the exercise of the put option under this Section 4A.04(c) or, (2) in the case of a transaction between the Plan and a "disqualified person" within the meaning of Section 4975(e)(2) of the Code or a "party in interest" within the meaning of Section 3(14) of ERISA, as of the date of the transaction.

(d) The foregoing put options under Section 4A.04(b) and (c) hereof shall be effective solely

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against the Corporation and shall not obligate the Plan or Trust in any manner.

(e) In making the determination of fair market value, the Corporation shall consider, to the extent permitted by law (and in conformity, where applicable, with the provisions of Section 6), the same methodology used to value the Stock at the time of its initial purchase by the ESOP Trustee and shall, to the extent permitted by law, include as a valuation factor at least the same proportionate share of enterprise value as was taken into account at the time of such purchase of Stock.

(f) The period during which the put option is exercisable does not include any time when a Qualified Holder is unable to exercise it because the Corporation is prohibited from honoring it by applicable Federal or State laws.

(g) Except as otherwise required or permitted by the Code, the put options under this Section 4A.04 shall satisfy the requirements of Section 54.4975-7(b) of the Treasury Regulations to the extent, if any, that such requirements apply to such put options.

(h) A Qualified Holder must exercise his put option in writing by Filing with the Committee. If a Qualified Holder exercises his put option under this



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Section 4A.04, payment for the Stock repurchased shall be made, in the case of a distribution of a Participant's Account within one taxable year, in substantially equal annual payments over a period beginning not later than 30 days after the exercise of the put option and not exceeding five years (provided that adequate security and reasonable interest are provided with respect to unpaid amounts) or, in the case of other distributions, not later than 30 days after such exercise.

SECTION 4A.05 -

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(a) Notwithstanding any other provision of the Plan, any Participant who has attained age 55 and completed at least ten (10) Years of Service may elect to have up to 25% of the value in his Participant's Account attributable to ESOP Contributions (other than any amounts attributable to Directable ESOP Contributions) invested in the funds referred to in Section 4A.05(b). Any such Participant may make this election once during each Plan Year of his Qualified Election Period. After the close of the sixth Plan Year in the Participant's Qualified Election Period, the Participant may so direct the investment of up to 50% of the value of amounts in his Participant's Account attributable to ESOP Contributions (other than

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any amounts attributable to Directable ESOP Contributions). For this purpose, the term "Qualified Election Period" shall mean the period beginning with the later of the Plan Year in which the Participant attains age 55 or completes ten (10) Years of Service and ending upon the Participant's Termination of Employment. The percentage of amounts in a Participant's Account attributable to ESOP Contributions for which he may make investment directions in a Plan Year shall be the "Allocable Portion" of such Participant's Account at the time of the election under this Section 4A.05.

(b) A Participant may elect by Filing With The Committee, to have the dollar value of the Allocable Portion of his Participant's Account on the Valuation Date of the first month following the end of the calendar month in which the election is filed, invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund, or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other Funds, or three-fourths in one Fund and one-fourth in one of the other Funds. For the sole purpose of this Section 4A.05(b), the effective date of the election shall be the Valuation

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Date of the first month following the calendar month in which the election is Filed With The Committee. The election may not be withdrawn once Filed With The Committee for ninety (90) days. Such election shall be in accordance with any notice, rulings, or regulations or other guidance issued by the Internal Revenue Service with respect to Code Section 401(a)(28)(B).

SECTION 4A.06 - Effective as of the beginning of the first payroll

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period in the July 1989 Month, all cash dividends on Stock allocated to Participants' Accounts may, as determined by the Corporation, be used in whole or in part, consistent with Section 404(k) of the Code to make principal or interest payments on an Acquisition Loan to the extent permitted by law, or may be retained in the Participant's Account or paid out to the Participant. The Corporation may determine how such dividends may be applied for any Plan Year up to the time when such dividends are finally allocated to the Accounts of Participants as of the last day of the Plan Year. Such dividends may not be used for payment of an Acquisition Loan unless Stock released for the benefit of Participants who would have otherwise been credited with the value of such dividends has a fair market value not less than the amount of such dividends which would have been otherwise allocated for the benefit of the Participant for the Plan Year. The allocation under Section

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4A.03 of the value of Stock released pursuant to this Section 4A.06 shall be allocated to Participants in the same proportion that the value of dividends used for payment of the Acquisition Loan would have been allocated for the benefit of such Participants. All cash dividends on Leveraged Shares that are not allocated to any Participant's Account shall be used to repay an Acquisition Loan related to such shares and the Leverage Shares released from the Loan Suspense Account due to such repayment shall be allocated as described under Section 4A.03.

SECTION 4A.07 - Stock held in Participants' Accounts shall be valued

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as of each Valuation Date, or at the discretion of the Committee, more frequently. All valuations of Stock which is not readily tradeable on an established securities market shall be made by an independent appraiser meeting requirements similar to those contained in Treasury Regulations under Section 170(a)(1) of the Code.

SECTION 4A.08 - All tender or exchange decisions with respect to Stock

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held by the ESOP Trustee shall be made only by Participants acting in their capacity as Named Fiduciaries with respect to both allocated and (based on any ESOP Match Stock allocated to their Participants' Accounts) unallocated Shares in accordance with the following provisions of this Section 4A.08:

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(a) In the event an offer shall be received by the ESOP Trustee (including a tender offer for Shares subject to Section 14(d)(1) of the Securities Exchange Act of 1934 or subject to Rule 13e-4 promulgated under that Act, as those provisions may from time to time be amended) to purchase or exchange any Shares held by the ESOP Trustee, the Trustee will advise each Participant who has Shares credited to his Participant's Account in writing of the terms of the offer as soon as practicable after its commencement and will furnish each Participant with a form by which he may instruct the Trustee confidentially whether or not to tender or exchange Shares allocated to his Participant's Account and (based on any ESOP Match Stock allocated to his Participant's Account) a proportionate share of any unallocated Shares (including fractional shares to 1/1000th of a Share). The materials furnished to the Participants shall include (i) a notice from the ESOP Trustee that, except as provided in subsection (h) of this Section 4A.08, the ESOP Trustee will not tender or exchange any Shares (allocated or unallocated) for which timely instructions are not received by the ESOP Trustee and (ii) such related documents as are prepared by any person and provided to the shareholders of the Corporation pursuant to the Securities Exchange Act of

ESOP PROVISIONS

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1934. The Committee and the ESOP Trustee may also provide Participants with such other material concerning the tender or exchange offer as the ESOP Trustee or the Committee in its discretion determine to be appropriate, provided, however, that prior to any distribution of materials by the Committee, the ESOP Trustee shall be furnished with complete copies of all such materials. The Corporation and the Committee will cooperate with the ESOP Trustee to ensure that Participants receive the requisite information in a timely manner.

(b) The ESOP Trustee shall tender or not tender Shares or exchange Shares allocated to any Participant's Account (including fractional Shares to 1/1000th of a Share) only as and to the extent instructed by the Participant as a Named Fiduciary. With respect to Shares allocated to the Participant's Account of a deceased Participant, such Participant's beneficiary, as a Named Fiduciary, shall be entitled to direct the Trustee whether or not to tender or exchange such Shares as if such beneficiary were the Participant. If tender or exchange instructions for Shares allocated to any Participant's Account are not timely received by the ESOP Trustee, the ESOP Trustee will treat non-receipt as a direction not to tender or

ESOP PROVISIONS

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exchange such Shares. The instructions received by the ESOP Trustee from Participants or beneficiaries shall be held by the ESOP Trustee in strict confidence and shall not be divulged or released to any person, including directors, officers or employees of the Corporation or of any other company, except as otherwise required by law.

(c) Each Participant who has ESOP Match Stock allocated to his Participant's Account and who is entitled to direct the ESOP Trustee whether or not to tender or exchange Shares allocated to his Participant's Account shall separately direct the ESOP Trustee, as a Named Fiduciary, with respect to the tender or exchange of a portion of the Shares that are unallocated to any Participant's Account. Such direction (treating non-receipt of directions as a direction not to tender or exchange) shall be with respect to such number of unallocated Shares multiplied by a fraction, the numerator of which is the number of Shares of ESOP Match Stock allocated to the Participant's Account and the denominator of which is the total number of Shares of ESOP Match Stock allocated to the Accounts of all Participants. Fractional Shares shall be rounded to the nearest 1/1000th of a Share.

ESOP PROVISIONS

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(d) In the event, under the terms of a tender offer or otherwise, any Shares tendered for sale, exchange or transfer pursuant to such offer may be withdrawn from such offer, the ESOP Trustee shall follow such instructions respecting the withdrawal of such securities from such offer in the same manner and the same proportion as shall be timely received by the ESOP Trustee from the Participants, as Named Fiduciaries, entitled under this Section 4A.08 to give instructions as to the sale, exchange or transfer of securities pursuant to such offer.

(e) In the event that an offer for fewer than all of the Shares held by the ESOP Trustee shall be received by the ESOP Trustee, each Participant who has been allocated any Shares subject to such offer shall be entitled to direct the ESOP Trustee as to the acceptance or rejection of such offer (as provided by subsections (a)-(d) of this Section 4A.08) with respect to the largest portion of such Stock as may be possible given the total number or amount of Shares the ESOP Trustee may sell, exchange or transfer pursuant to the offer based upon the instructions received by the ESOP Trustee from all other Participants who shall timely instruct the ESOP Trustee pursuant to this Section 4A.08 to sell, exchange or transfer such Shares



ESOP PROVISIONS

pursuant to such offer, each on a pro rata basis in accordance with the  
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number or amount of such Shares allocated to the Participants' Accounts.

(f) In the event an offer shall be received by the ESOP Trustee and instructions shall be solicited from Participants pursuant to subsections (a)-(d) of this Section 4A.08 regarding such offer, and prior to termination of such offer, another offer is received by the ESOP Trustee for the securities subject to the first offer, the ESOP Trustee shall use its best efforts under the circumstances to solicit instructions from the Participants to the ESOP Trustee (i) with respect to securities tendered for sale, exchange or transfer pursuant to the first offer, whether to withdraw such tender, if possible, and, if withdrawn, whether to tender any securities so withdrawn for sale, exchange or transfer pursuant to the second offer and (ii) with respect to securities not tendered for sale, exchange or transfer pursuant to the first offer, whether to tender or not to tender such securities for sale, exchange or transfer pursuant to the second offer. The ESOP Trustee shall follow all such instructions received in a timely manner from Participants in the same manner and in the same proportion as provided in subsections (a)-(d) of this

ESOP PROVISIONS

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Section 4A.08. With respect to any further offer for any Stock received by the ESOP Trustee and subject to any earlier offer (including successive offers from one or more existing offerors), the ESOP Trustee shall act in the same manner as described above.

(g) A Participant's instructions to the ESOP Trustee to tender or exchange Shares will not be deemed a withdrawal or suspension from the Plan or a forfeiture of any portion of the Participant's interest in the Plan. Funds received in exchange for tendered Shares will be credited to the Participant's Account of the Participant whose Shares were tendered or the Loan Suspense Account from which such Shares were tendered and will be used by the ESOP Trustee to purchase Stock, as soon as practicable. In the interim, the ESOP Trustee will invest such funds in short-term investments permitted under the ESOP Trust.

(h) In the event that a tender or exchange offer is received by the Trustee before any Shares have been allocated to Participants' Accounts, then Participants, as Named Fiduciaries, shall confidentially instruct the ESOP Trustee whether or not to accept the offer. The ESOP Trustee shall respond to the tender or exchange offer by following the instructions of Participants on a one person - one vote basis in the same proportion

ESOP PROVISIONS

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and in the same manner as provided in this Section 4A.08 pursuant to the instructions timely received by the ESOP Trustee.

(i) The ESOP Trustee shall take all steps necessary, including appointment of a corporate trustee and/or an outside independent administrator to the extent such action, after consultation with the Corporation and the Profit Sharing Trustee, is found necessary to maintain confidentiality of Participant responses and/or to adequately discharge their obligations as Named Fiduciary.

SECTION 4A.09 - All voting rights on Shares held by the ESOP Trustee

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shall be exercised by the ESOP Trustee only as directed by the Participants acting in their capacity as Named Fiduciaries with respect to both allocated and (based on any ESOP Match Stock allocated to their Accounts) unallocated Shares in accordance with the following provisions of this Section 4A.09:

(a) As soon as practicable before each annual or special shareholders' meeting of the Corporation, the ESOP Trustee shall furnish to each Participant a copy of the proxy solicitation material sent generally to shareholders, together with a form requesting confidential instructions on how the Shares allocated to such Participant's Account and (based on any ESOP

ESOP PROVISIONS

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Match Stock allocated to his Participant's Account) a proportionate Share of any unallocated Shares (including fractional Shares to 1/1000th of a Share) are to be voted. The Corporation and the Committee shall cooperate with the Trustee to ensure that Participants receive the requisite information in a timely manner. Except as provided in subsection (d) of this Section 4A.09, the materials furnished to the Participants shall include a notice from the ESOP Trustee that the ESOP Trustee will not vote any allocated Shares for which timely instructions are not received by the ESOP Trustee. Upon timely receipt of instructions, the ESOP Trustee (after combining votes of fractional Shares to give effect to the greatest extent to Participants' instructions) shall vote the Shares as instructed. Allocated and unallocated Shares shall be voted or not voted in accordance with the instructions received by the ESOP Trustee and the provisions of Section 4A.09(b) and 4A.09(c). Voting instructions which are not timely received by the ESOP Trustee will not be followed. The instructions received by the ESOP Trustee from Participants or Beneficiaries shall be held by the ESOP Trustee in strict confidence and shall not be divulged or released to any person including directors, officers or employees of the

ESOP PROVISIONS

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Corporation, or of any other company, except as otherwise required by law.

(b) With respect to all corporate matters submitted to shareholders, all Shares allocated to Participants' Accounts shall be voted only in accordance with the directions of such Participants as Named Fiduciaries as given to the ESOP Trustee. Each Participant shall be entitled to direct the voting of Shares (including fractional shares to 1/1000th of a share) allocated to his Participant's Account. With respect to Shares allocated to the Participant's Account of a deceased Participant, such Participant's beneficiary, as Named Fiduciary, shall be entitled to direct the voting with respect to such allocated Shares as if such beneficiary were the Participant.

(c) Each Participant who has ESOP Match Stock allocated to his Participant's Account and who is entitled to vote on any matter presented for a vote by the stockholders shall separately direct the ESOP Trustee with respect to the vote of a portion of the Shares that are unallocated to any Participant's Account. Such direction shall be with respect to such number of votes equal to the total number of votes attributable to Shares not allocated to the Participants' Accounts multiplied by a fraction, the numerator

ESOP PROVISIONS

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of which is the number of votes attributable to ESOP Match Stock allocated to the Participant's Account and the denominator of which is the total number of votes attributable to the Participants' Accounts of all Participants. Any unallocated Shares for which no instructions have been received by the ESOP Trustee shall be voted by the ESOP Trustee in proportion to the unallocated Shares as to which instructions have been received. Fractional Shares shall be rounded to the nearest 1/1000th of a Share.

(d) In the event that Shares must be voted before any Shares have been allocated to Participants' Accounts, then Participants, as Named Fiduciaries, shall confidentially instruct the ESOP Trustee as to their voting preferences on all matters requiring a shareholders' vote. All Shares that are unallocated to any Participant's Account shall thereafter be voted by the ESOP Trustee on a one person - one vote basis in the same proportion and in the same manner as provided in this Section 4A.09 pursuant to the instructions timely received by the ESOP Trustee.

SECTION 4A.10 - In no event shall any part of the Plan, including the

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ESOP Feature, be used for, or diverted to, any purpose other than for the exclusive benefit of Participants and their beneficiaries. Notwithstanding the

ESOP PROVISIONS

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foregoing, in the event that an ESOP Contribution is conditioned upon initial qualification of the ESOP Feature under Section 401(a) of the Code, and the ESOP Feature does not so qualify, the contribution may, to the extent permitted by law, be returned to the Corporation within one year after the denial of qualification.

SECTION 4A.11 - Upon a complete termination of the Plan, or of the

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ESOP Feature, any unallocated Leveraged Shares shall be sold to the Corporation or on the open market. The proceeds of such sale shall be used to satisfy any outstanding Acquisition Loan and the balance of any funds remaining shall be allocated to each Participant's Account based on the proportion that the Corporation Matching Contributions for the current Plan Year to such Participant's Account bears to the total Corporation Matching Contributions for the current Plan Year to all Participants' Accounts.

SECTION 5

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PARTICIPANT'S ACCOUNT

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SECTION 5.01 - There shall be maintained for each Participant a

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separate Participant's Account which shall show in dollars the Elective Deferral amounts and After-Tax Contributions specified by the Participant and the corresponding Corporation Matching Contributions made as provided in Sections 4.01 and 4A.01 (consisting of the Corporation's Matching Contributions, ESOP Contributions and forfeitures) and, in terms of Units or Shares, shall show the portion of such Participant's Account in the Bond Fund, the Securities Fund, the STIF Fund, the Lockheed Martin Stock Fund and/or the ESOP Fund, as the case may be. In addition, the Participant's Account shall show that portion of the Participant's Account in the ESOP Fund that consists of Thrift Stock and the portion that consists of ESOP Match Stock. As of July 1, 1989, Stock shall be accounted for in Shares rather than Units.

SECTION 5.02 -

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(a) The annual addition to any Participant's Account for any Plan Year shall not exceed the maximum permissible amount. For purposes of Section 415 of the Code, the "limitation year" shall be the Plan Year. Subsection (c) defines the terms used in this Section.



(b) If a Participant's annual addition would exceed the maximum permissible amount, any excess contribution inadvertently made shall be refunded to the Corporation and, to the extent the excess contribution is attributable to Elective Deferrals and After-Tax Contributions, returned to the Participant in question.

(c) For purposes of this Section, terms used herein shall have the following meanings:

(1) "Annual addition" shall mean the sum of After-Tax Contributions, Corporation contributions (including Elective Deferrals, Flexible Credit Contributions and ESOP Contributions) and any forfeitures allocated to a Participant's account for a Plan Year under this Plan and all other qualified defined contribution plans of the Corporation.

"Annual addition" shall also include amounts derived from Corporation contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a key employee, as defined in Code Section 419A(d)(3), under a welfare benefit fund, as defined in Code Section 419(e), which is maintained by the Corporation, and amounts

PARTICIPANT'S ACCOUNT

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substantially similar to those just described which are contributed to a defined benefit plan for a plan year of the defined benefit plan beginning after March 31, 1984.

The amount of any contribution to the Plan made by the Corporation during a Plan Year that is used to repay principal and interest on an Acquisition Loan shall be considered an Annual Addition for the Plan Year. Annual Additions shall not include any Leveraged Shares that are allocated to Participants' Accounts for the Plan Year.

(2) "Maximum permissible amount" shall mean, with respect to a Participant, the lesser of

a. twenty-five percent of the Participant's earnings for the Plan Year, or

b. \$30,000 (or such higher amount then in effect pursuant to Section 415(d) of the Code for the calendar year in or with which the Plan Year ends), except as otherwise provided under Code Section 415(c)(6).

Moreover, if in any Plan Year no more than one-third of ESOP Contributions are allocated to Participants who are highly compensated employees within the meaning of Code Section 414(q), the

PARTICIPANT'S ACCOUNT

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above limitations shall not apply to ESOP Contributions which are used to make interest payments under an Acquisition Loan or to reallocated forfeitures of Stock acquired with the proceeds of an Acquisition Loan.

(3) "Earnings" shall mean the total cash and non-cash remuneration paid to a Participant during the Plan Year but excluding Elective Deferrals under this Plan, and:

- a. employer contributions for simplified employee pension,
- b. deferred compensation (other than an amount included in the Participant's gross income for the Plan Year which is attributable to an unfunded, non-qualified plan),
- c. amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by an Employee becomes freely transferable or is no longer subject to a substantial risk or forfeiture,
- d. amounts realized from the sale, exchange or other disposition of stock under a tax-benefitted stock option, and

e. other amounts which receive special tax benefits.

(d) If a Participant in this Plan has at any time participated in one or more qualified defined benefit plans maintained by the Corporation, the sum of the Participant's "defined contribution plan fraction" and "defined benefit plan fraction" shall not exceed 1.0.

(1) "Defined contribution Plan fraction" shall have the

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meaning set forth in Internal Revenue Code Section 415(e)(3). If, based on reasonable projections, it is expected that a Participant's defined contribution plan fraction in the future will be materially less than his or her current defined contribution plan fraction, the Committee may compute the defined contribution plan fraction on a projected basis. Section 415(e)(3) defines the term "defined contribution plan fraction" as a fraction

(i) the numerator of which is the sum of the annual additions, as defined in subsection (c), to the Participant's accounts in this Plan and all other

PARTICIPANT'S ACCOUNT

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qualified defined contribution and defined benefit plans (whether or not terminated) of the Corporation for the current and all prior Plan Years, and

(ii) the denominator of which is the sum of the annual additions which would have been made for the Participant for the current and all prior Plan Years (whether or not this Plan or any other defined contribution or defined benefit plan was then in existence) if, in each such Year, the Participant's annual additions equaled the lesser of

a 125 percent of the dollar limitation in effect under Internal Revenue Code Section 415(c)(1)(A), or

b thirty-five percent of the Participant's earnings for the Year in question.

A Participant's defined contribution plan fraction as of the end of the last Plan Year beginning prior to 1976 shall be calculated in accordance with Treas. Reg. Sec. 1.415-7(d). If the Participant was a

PARTICIPANT'S ACCOUNT

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participant in one or more qualified defined contribution plans maintained by the Corporation which were in existence on July 1, 1982, the numerator of the Participant's defined contribution plan fraction will be adjusted if the sum of this fraction and the defined benefit plan fraction would otherwise exceed 1.0. Under the adjustment, an amount equal to the product of (i) the excess of the sum of both fractions over 1.0, times (ii) the denominator of the defined contribution plan fraction will be permanently subtracted from the numerator of the defined contribution plan fraction. The adjustment shall be calculated using the fractions as they would be computed as of the end of the last Plan Year beginning before June 30, 1983. This adjustment shall also be made if, at the end of the last Plan Year beginning before January 1, 1984, the sum of both fractions exceeds 1.0 because of accruals or additions that were made before the limitations of this subsection became effective for any plans of the Corporation in existence on July 1, 1982.

PARTICIPANT'S ACCOUNT

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The Committee may elect to compute the denominator of a Participant's defined contribution plan fraction for Plan Years ending on or before January 1, 1983 by multiplying the Participant's denominator (as determined as of the end of the Plan Year ending in 1982) by the "transition fraction." The transition fraction shall have a numerator equal to the lesser of \$51,875 (or \$41,500 if Internal Revenue Code Section 416(h)(4) (relating to top heavy plans) is applicable for the first Plan Year beginning after December 31, 1983) or thirty-five percent of the Participant's earnings for the Plan Year ending during 1981, and shall have a denominator equal to the lesser of \$41,500 or twenty-five percent of the Participant's earnings for the Plan Year ending during 1981. This election shall be made in accordance with procedures established under or in accordance with Internal Revenue Code Section 415(e)(6).

(2) "Defined benefit plan fraction" shall have the meaning  
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set forth in Internal Revenue Code Section 415(e)(2). This Code

PARTICIPANT'S ACCOUNT

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Section defines the term "defined benefit plan fraction" as a fraction (i) the numerator of which is the sum of the Participant's projected annual benefit under all defined benefit plans (whether or not terminated) of the Corporation, and (ii) the denominator of which is the lesser of

a 125 percent of the dollar limit in effect under  
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subsection (c)(2)b. for the Plan Year, or

b 140 percent of the Participant's earnings.  
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The projected annual benefit shall be the annual retirement benefit attributable to Corporation contributions to which the Participant would be entitled under the terms of the defined benefit plans (adjusted to the actuarial equivalent of a straight life annuity if the projected annual benefit is expressed in a form other than a straight life annuity or qualified joint and survivor annuity), assuming that the Participant will continue employment until normal retirement age (or current age, if later), and that the Participant's compensation for the current



PARTICIPANT'S ACCOUNT

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Plan Year and all other relevant factors used to determine benefits under the plans will remain constant for all future Plan Years. If the Participant was a participant in one or more qualified defined benefit plans maintained by the Corporation which were in existence on July 1, 1982, the denominator of the Participant's defined benefit plan fraction will not be less than 125 percent of the sum of the annual benefits which the Participant had accrued under such plans as of the end of the last Plan Year beginning before June 30, 1983. The preceding sentence shall apply only if the defined benefit plans individually and in the aggregate satisfied the requirements of Internal Revenue Code Section 415 as in effect at the end of the 1982 Plan Year.

(3) For any Plan Year in which the Plan is "top heavy," as defined in Section 15.01(b) and the exception in Internal Revenue Code Section 416(h)(2) does not apply, "100 percent" shall be substituted for "125 percent" in determining the denominators

PARTICIPANT'S ACCOUNT

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of a key employee's defined contribution and defined benefit plan fractions.

SECTION 5.03 - As of the Valuation Date of each Month each

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Participant's Account shall be credited for such Month with the number of Units equivalent to the Unit value and/or Shares at a Share value (such Unit values and Share values calculated as provided in Sections 6.01 and 6.02) of:

(1) the total dollar amount of weekly Elective Deferrals and After-Tax Contributions specified by such Participant during such Month,

(2) the Corporation Matching Contributions with respect to such Month as provided in Section 4.01, and

(3) the ESOP Contributions with respect to any such Month as provided in Section 4A.01.

Such units shall be allocated to the Bond Fund, the Securities Fund, the Lockheed Martin Stock Fund and/or the STIF Fund and such Shares shall be allocated to the ESOP Fund pursuant to the provisions of Sections 3.01(a)(2), 3.05 and 4.02.

SECTION 5.04 -

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(a) A direct plan-to-plan (trust-to-trust) transfer of assets to this Plan from another qualified defined contribution plan may be made only with the consent of the Board. Such consent shall be granted only in regard to groups of persons who become

PARTICIPANT'S ACCOUNT

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Employees due to acquisitions or in other special circumstances.  
"Rollovers" or plan-to-plan transfers from individual retirement accounts  
or other qualified plans by individual employees are not permitted.

(b) An account shall be maintained under the Plan for each person on  
whose behalf assets are transferred to the Plan. If such person is not  
otherwise a Participant, the individual shall be considered a participant  
with respect to his transferred account, but for no other Plan purpose  
until he becomes a Participant pursuant to Section 3 or 14.

SECTION 6

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VALUATION OF PARTICIPANT'S ACCOUNT

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SECTION 6.01 - The value of Units in each Participant's Account, as

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allocated to each Fund under the Plan shall be determined separately for each Fund as of each Valuation Date. At the inception of the Bond Fund, STIF Fund, Securities Fund and Lockheed Martin Stock Fund one Unit for each dollar contributed by the Participant and for each dollar contributed by the Corporation with respect to such Participant prior to the first Valuation Date of such Fund was credited to each Participant's Account, allocated to each Fund as specified pursuant to Sections 3.01(a)(2), 3.05, 3.06 and 4.02 as such Sections were in effect on such Valuation Dates. On each succeeding Valuation Date (a) the value of the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund and the STIF Fund, respectively, shall be the fair market value, as determined by the Trustee, as of such date, of the investments and cash held in such Fund on such date, less liabilities and the expenses as provided in Section 7.05 as accrued or paid as of such date; and (b) the value of a Unit in each Fund shall be determined by dividing the value of each such Fund, as determined above, by the total number of Units in all Participants' Accounts allocated to each such Fund as of such date. Notwithstanding anything to the contrary contained herein,

VALUATION OF PARTICIPANT'S ACCOUNT

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assets in the STIF Fund may be valued at cost or unpaid principal amount if there is no readily ascertainable fair market value.

SECTION 6.02 - Effective as of July 1, 1989, Units maintained in the

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Lockheed Martin Stock Fund that are not held in the Accounts of Participants who are employees of Lockheed Aeromod Center, Inc., shall be valued and converted to Shares in the ESOP Fund. On each succeeding Valuation Date thereafter, the value of the Participant's Account in the ESOP Fund shall be equal to the number of Shares, including any fractional Share; credited to his Participant's Account as of such date multiplied by the published composite closing price per Share on such Valuation Date.

SECTION 7

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TRUST FUND AND TRUSTEE

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SECTION 7.01 - All contributions made to the Plan by a Participant or

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on his behalf shall be made to a Trust Fund or Trust Funds established by a trust agreement or trust agreements with a Trustee or Trustees to carry out the purposes of the Plan. Such Trust Fund or Trust Funds shall be composed of the Bond Fund, the ESOP Fund, the Securities Fund, the STIF Fund and such other Fund as may be established from time to time. The Committee shall select such Trustee(s), and may change the Trustee(s) from time to time. Any Trustee(s) designated hereunder shall be a bank or trust company qualified under the laws of the United States or of any State to operate thereunder as a trustee. Lockheed Corporation will determine the form and terms of any such trust agreement. Lockheed Corporation may amend any such trust agreement from time to time to accomplish the purposes of the Plan. The trust agreement or trust agreements shall provide, among other things, that at no time shall any part of the Trust Fund be used for, or diverted to, purposes other than for the exclusive benefit of the Participants or their beneficiaries.

SECTION 7.02 - Each Trustee shall, unless otherwise directed by an

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Investment Manager (if such has been appointed), have exclusive authority and discretion to

TRUST FUND AND TRUSTEE

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manage and invest the assets of the Trust Fund, as provided in its trust agreement. Each Trustee shall further be responsible for the holding and disbursement of all contributions and income received by it under the Plan, as provided in its trust agreement, and shall have such other responsibilities as are provided in such agreement.

SECTION 7.03 - Nothing in the Plan shall be construed as a guarantee

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by the Corporation or the Trustees of the value of any security or instrument in which funds held by the Trustees are invested or as an indemnity against any loss resulting from such investment.

SECTION 7.04 - The Trustee shall allocate contributions made to the

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Plan by a Participant or on his behalf in accordance with the specification as determined under Sections 3.01(a)(2), 3.04, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 4.02 and 4A.05.

SECTION 7.05 - Brokerage fees, commissions, taxes, and other charges

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and expenses incident to the purchase, sale and servicing of investments and other taxes, if any, payable by the Trustees on the assets, or on income thereof, at any time held in each Fund may be paid by such Fund to the extent permitted by ERISA and the Code. All other expenses and charges incurred in the administration of the Plan, including the Trustees' fees and/or investment management fees, shall be paid by the Corporation.

SECTION 8

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BENEFITS

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SECTION 8.01 - A Participant shall be fully vested in the dollar value

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of the balance of the Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990, "preceding" shall be substituted for "following") the date of Termination of Employment for any of the following reasons:

- (a) To receive early, normal, or disability retirement benefits for which he is qualified under a Lockheed Retirement Plan; or
- (b) Layoff for a period of four consecutive weeks; or
- (c) Death; or
- (d) Entry into the Armed Forces of the United States; or
- (e) Because of permanent disability for a continuous period of six (6) or more months. A Participant shall be deemed to be permanently disabled when, on the basis of medical evidence satisfactory to the Committee, the Committee finds that he is wholly and continuously disabled and prevented from performing his regular occupation for wage or profit as the result of bodily injury or disease, either occupational in



BENEFITS

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cause or non-occupational in cause. A Participant shall not be deemed permanently disabled if, on the basis of proof satisfactory to the Committee, the Committee finds that his incapacity arises out of chronic alcoholism, or addiction to narcotics (unless the disabling condition is caused, in and of itself, by an organic disease or organic condition resulting from such alcoholism or addiction), an injury self-inflicted or incurred while he was engaged in a felonious enterprise, or resulted therefrom, or resulted from service in the armed forces of any country except those of the United States; or

(f) For any reason on or after attaining age sixty-five (65) ("Normal Retirement Age"); or

(g) To receive a deferred monthly retirement benefit for which he is qualified under a Lockheed Retirement Plan, providing either the date of Termination of Employment occurs within the period of thirty (30) calendar days immediately preceding such Participant reaching sixty-five (65) years of age, or payment of the deferred monthly retirement benefit begins on the first day of the calendar month following the month of Termination of Employment.

Except as provided otherwise in Sections 8.09 or 10.02, a Participant terminating for any of the reasons set forth in

BENEFITS

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this Section 8.01 shall receive a single sum distribution of his Participant's Account.

SECTION 8.02 -

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(a) Upon Termination of Employment for reasons other than those set forth in Section 8.01, a Participant who does not have a least one Hour of Service on or after January 1, 1990 shall be vested in the sum of the following:

(1) The dollar value of the balance of Units and Shares in his Participant's Account which were credited with respect to Elective Deferral amounts and After-Tax Contributions made by such Participant, determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(2) Twenty-five percent (25%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the fifth (5th) Quarter to and including the eighth (8th) Quarter immediately preceding such Termination of Employment, such dollar value being

BENEFITS

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determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(3) Fifty percent (50%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the ninth (9th) to and including the twelfth (12th) Quarter immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(4) Seventy-five percent (75%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the thirteenth (13th) to and including the sixteenth (16th) Quarter immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and

BENEFITS

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6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment; and

(5) One hundred percent (100%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the seventeenth (17th) Quarter and Quarters beyond, immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment.

The Corporation shall maintain separate subaccounts within a Participant's Account if necessary to account for the Participant's vested interest in the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for each Quarter. The provisions of this Section 8.02(a) shall not apply to employees of Sanders Associates, Inc.

BENEFITS

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(b) Upon Termination of Employment for reasons other than those set forth in Section 8.01, a Participant with at least one Hour of Service on or after January 1, 1990 shall be vested in the sum of the following:

(1) the dollar value of the balance of Units and Shares in his Participant's Account which were credited with respect to Elective Deferral amounts and After-Tax Contributions made by such Participant, determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment; and

(2) the vested portion of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to contributions made by the Corporation under the Plan as in effect prior to December 26, 1983 and/or Corporation Matching Contributions, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for

BENEFITS

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"following") the date of such Termination of Employment. The vested portion of the dollar value shall be determined in accordance with the following:

| Completed Years of Service    | Vested Percent |
|-------------------------------|----------------|
| -----                         | -----          |
| Less than 2 years             | 0%             |
| 2 years but less than 3 years | 25%            |
| 3 years but less than 4 years | 50%            |
| 4 years but less than 5 years | 75%            |
| 5 years or more               | 100%           |

The provisions of this Section 8.02(b) shall apply to a Participant who is an employee of Sanders Associates, Inc. regardless of whether such Participant has one Hour of Service on or after January 1, 1990. Except as provided otherwise in Sections 8.09 or 10.02, a Participant entitled to a benefit under this Section 8.02 shall receive a single sum distribution of his Participant's Account.

SECTION 8.03 - Prior to July 1, 1990, Participant, or his beneficiary,  
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who receives payment of an amount pursuant to the provisions of Section 8.01 or Section 8.02 shall have refunded to him any Elective Deferral amounts and After-Tax Contributions specified by him (but not Corporation Matching Contributions) between the Valuation Date as of which such payment under Section 8.01 or Section 8.02 was computed and the date of Termination of Employment.

BENEFITS

SECTION 8.04 -

(a) In the event that a Participant Terminates Employment for reasons other than those set forth in Section 8.01 and is not reemployed by Lockheed Corporation or a subsidiary or affiliate thereof during the Plan Year in which the termination occurs, such Participant shall thereupon forfeit all Units and Shares credited to such Participant's Account and the amounts with respect thereto in the Trust Funds to which he is not entitled as a benefit as determined under the provisions of Section 8.02, subject to restoration under Subsection 8.04(b). A Participant will forfeit Stock in his Participant's Account attributable to ESOP Contributions only after other assets in the Participant's Account attributable to ESOP Contributions have been forfeited. In the event that a Participant Terminates Employment for reasons other than those set forth in Section 8.01 and is reemployed by Lockheed Corporation or a subsidiary or affiliate thereof during the Plan Year in which the termination occurs, such Participant shall retain all Units and Shares credited to such Participant's Account and the amounts with respect thereto in the Trust Funds which were not paid to him in the amount computed under the provisions of Section 8.02, and such Participant

BENEFITS

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shall vest and/or continue to vest in said sums at the rate described in Section 8.02 without regard to the effect which said Termination of Employment would otherwise have on vesting. Amounts so retained shall be distributable to the extent vested at the time of distribution only pursuant to the provisions of Sections 8.01 or 8.02 or 9.01.

(b) To the extent required by applicable statute or regulation, in the event a Participant Terminates Employment and is reemployed by Lockheed Corporation or a subsidiary or affiliate thereof without incurring a Break in Service (five (5) consecutive one-year Breaks in Service in the case of persons who had not completed a one-year Break in Service prior to December 30, 1985), such Participant shall have restored to his Participant's Account any amounts previously forfeited pursuant to Subsection 8.04(a). Such restoration shall be in compliance with applicable statute or regulation, and in accordance with rules determined by the Committee and uniformly applied to all Participants. Such Participant shall continue to vest in said restored amounts from such date of reemployment at the rate described in Section 8.02. In the case of a Participant who Terminated Employment, received the vested portion of the balance of Units and Shares in



BENEFITS

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his Participant's Account and forfeited the Units and Shares credited to his Participant's Account to which he is not entitled as a benefit under Section 8.02, all rights to restoration of forfeited amounts for such Participant shall lapse if this Plan is terminated before such Participant is reemployed by the Corporation. To the extent any restoration of a Participant's Accounts hereunder is accompanied by a repayment by the Participant, the Participant's Accounts upon repayment and restoration shall equal the amount of such repayment and restoration.

SECTION 8.05 - A Participant who becomes entitled to receive a payment

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under the provisions of Section 8.01(a) or under the provisions of Section 8.01(g) may, prior to Termination of Employment for such reason and subject to the provisions hereinafter set forth, elect, in lieu of such payment, that the total number of Units and Shares in his Account be paid to him in 60, 120, 180 or 240 equal monthly installments commencing as of the last day of the month following the month in which the Participant's employment has been so terminated provided he is then living and provided further that the dollar value of the first such payment is not less than thirty dollars (\$30). Any election in accordance with the preceding sentence by a married Participant shall not be effective with respect to such

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Participant's Money Purchase Account unless the spousal consent requirements of Section 8.09(a)(3) have been satisfied. The dollar value of each such payment shall be equal to the dollar value of such Units and Shares as are to be paid in such installment, determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately preceding the date such payment is due. In the event that a Participant dies prior to the commencement date of his payments, the Participant's election of such method of payment shall become inoperative and a lump sum payment to his beneficiary shall be made. In the event that a Participant dies on or after the commencement date of such payments but before payment to him of all payments due him, the dollar value of the remaining balance of the Units and Shares in the Participant's Account shall be paid in one lump sum to the Participant's beneficiary as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of the death of such Participant. Election of such method of payment must be made in writing by Filing With The Committee prior to Termination of Employment. In the event that a Participant chooses to revoke his election of such method of payment after the commencement date of such payments but before payment to him of all payments due him,

BENEFITS

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he may elect, in writing, to revoke his previous election of such method of payment by Filing With The Committee. In such event, the dollar value of the remaining balance of the Units and Shares in the Participant's Account shall be paid in one lump sum to the Participant as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such election or revocation. Notwithstanding anything to the contrary contained herein, such monthly installment payments shall be suspended when a Participant is rehired by the Corporation and elects to resume Elective Deferrals or After-Tax Contributions to the Plan. Upon subsequent Termination of Employment such Participant may elect any optional form of payment under the Plan for which he is eligible. Notwithstanding any other provision of this Section to the contrary, the period of such installment payments may not extend beyond the life expectancy of the Participant or the joint life expectancies of the Participant and his spouse.

SECTION 8.06 -

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(a) All distributions from this Plan to a Participant (or to his beneficiary following the Participant's death) shall be made in accordance with the legal requirements set forth in Sections 401(a)(9),

BENEFITS

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401(k), and related provisions of the Code and Treasury Regulations issued pursuant to such provisions, notwithstanding any provision in this Plan to the contrary.

(b) A Participant's Account shall be distributed within sixty (60) days of such Participant's Termination of Employment if the Participant so consents in writing at the time of his Termination of Employment. If a Participant fails to give such written consent at such time, his Participant's Account shall not be distributed before such Participant attains age sixty-five (65). Subject to the foregoing, distribution shall be made or commenced not later than the sixtieth (60th) day after the close of the Plan Year in which the latest of the following events occurs:

(1) The Participant attains the earlier of age sixty-five (65) or becomes eligible to receive normal retirement benefits under a Lockheed Retirement Plan;

(2) There occurs the tenth (10th) anniversary of the year in which the Participant commenced participation in the Plan; or

(3) The Participant has a Termination of Employment.

BENEFITS

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(c) Notwithstanding any other provisions of this Plan, distribution of a Participant's Account must commence by the Participant's "Required Beginning Date", except as provided in Section 8.06(d), and shall be made in accordance with the provisions of Section 8.08.

(1) A Participant's Required Beginning Date for purposes of this Plan shall be the December 31 of the calendar year in which the Participant attains age 70-1/2.

(2) Notwithstanding the provisions of paragraph (1), the Required Beginning Date for a Participant who is not a "five percent owner" within the meaning of Section 416(i) of the Code and who attains age 70-1/2 in calendar year 1988 or 1989 shall be April 1, 1990.

(3) Notwithstanding the provisions of paragraphs (1) and (2), the Required Beginning Date for a Participant who is not a "five percent owner" within the meaning of Section 416(i) of the Code and who attained age 70-1/2 prior to January 1, 1988 shall be the April 1 next following the Participant's Termination of Employment. However, a Participant described in this Section 8.06(c)(3) may, by Filing With the

BENEFITS

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Committee within the one-time election period established by the Committee, irrevocably elect April 1, 1990 as his Required Beginning Date.

(d) If an amount payable under any provision of this Plan cannot be clearly ascertained or the person to whom it is payable has not been determined or located, distributions shall be made or commenced no later than sixty days after such amount is ascertained or such person is located.

SECTION 8.07 - A Participant, or his beneficiary, who becomes entitled

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to receive a cash payment under the provisions of Sections 8.01, 8.02, 8.05, 8.06, 8.08 or 9.01 and whose Participant's Account is invested in part in the Lockheed Martin Stock Fund or ESOP Fund, may elect, by Filing With The Committee, to receive such part of his distribution either entirely in cash or entirely in the form of Share certificates (with fractional Shares paid in cash). Notwithstanding the foregoing, any amounts received in the form of an annuity shall be payable in cash only. If the Stock acquired with the proceeds of an Acquisition Loan consists of more than one class, a Participant shall receive substantially the same proportion of each such class of Stock upon distribution of his Participant's Account attributable to such Stock. The number of Shares distributed shall be calculated by (a) dividing the dollar

BENEFITS

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value of the Units in the Participant's Account allocated to the Lockheed Martin Stock Fund as of the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of Termination of Employment by the published composite closing price per Share on said Valuation Date, and adding (b) the number of Shares allocated to the Participant's Account as of the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of Termination of Employment. Distribution of such Shares will be made, at the direction of the Trustee(s), by the duly appointed transfer agent of Lockheed Corporation. Notwithstanding the provisions of Section 12.07, distributions effected by stock certificates cannot be reinvested in the Plan. In the absence of any valid election under this Section, such distribution will be made in cash.

Section 8.08 -

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(a) (1) A Participant who, pursuant to the provisions of Section 8.06(c)(1), is subject to a mandatory distribution from his Participant's Account prior to his Termination of Employment shall receive five (5) annual cash payments, calculated as provided in Section 8.08(g), commencing as of the month in which

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his Required Beginning Date occurs, provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(2) A Participant who becomes entitled to installment payments under Section 8.08(a)(1) may, prior to his Required Beginning Date and subject to the provisions hereinafter set forth, elect to receive in lieu of such five (5) annual installment payments

(i) a lump sum cash payment equal to the dollar value of the balance of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date occurring in October of the year in which his Required Beginning Date occurs, or

(ii) ten (10) annual cash payments, calculated as provided in Section 8.08(g), commencing as of the month in which his Required Beginning Date occurs provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(b) (1) A Participant who, pursuant to the provisions of Section 8.06(c)(2), is subject to a mandatory distribution from his Participant's Account prior to his Termination of Employment, or who has so elected such a distribution pursuant to Section



BENEFITS

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8.06(c)(3), shall receive five (5) annual cash payments calculated as provided in Section 8.08(g), commencing as of the month preceding the month in which his Required Beginning Date occurs provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(2) A Participant who becomes entitled to installment payments under Section 8.08(b)(1) may, prior to his Required Beginning Date and subject to the provisions hereinafter set forth, elect to receive in lieu of such five (5) annual installment payments

(i) a lump sum cash payment equal to the dollar value of the balance of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date occurring in January of the year in which his Required Beginning Date occurs, or

(ii) ten (10) annual cash payments, calculated as provided in Section 8.08(g), commencing as of the month preceding the month in which his Required Beginning Date occurs provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

BENEFITS

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(c) Annual installment payments due to a Participant pursuant to the provisions of Sections 8.08(a)(1), 8.08(b)(2)(ii), 8.08(b)(1), or 8.08(b)(2)(i) (other than the initial payments described in Sections 8.08(b)(1) and 8.08(b)(2)(ii)) shall be paid to the Participant in December of each applicable year. Following payment of the last such annual installment, the Participant will be paid each December prior to his Termination of Employment the cash amount equal to the dollar value of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date occurring in October of the year in which such distribution occurs. A Participant who elected to receive a lump sum payment pursuant to Section 8.08(a)(2)(i) or 8.08(b)(2)(i) shall be paid each December subsequent to such lump sum distribution and prior to his Termination of Employment a cash amount as calculated in the preceding sentence.

(d) In the event that a Participant dies prior to the commencement of installment payments pursuant to Section 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), or 8.08(b)(2)(ii), the installment method of payment shall become inoperative and a lump sum payment shall be made to his beneficiary. In the event that a Participant

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dies on or after the commencement date of such payments, but before payment to him of all payments due him, the dollar value of the remaining balance of the Units and Shares in the Participant's Account shall be paid in one lump sum to the Participant's beneficiary as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of the death of such Participant.

(e) A Participant receiving installment payments under the provisions of Sections 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), or 8.08(b)(2)(ii) may irrevocably elect to cancel his installment payments and receive, in lieu of his next scheduled December installment payment, a lump sum cash payment in an amount equal to the value of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 as of the Valuation Date occurring in October of the year in which the lump sum distribution is made. A Participant's election to so cancel his installment payments will be valid only if it has been Filed With The Committee for at least sixty (60) days prior to the December installment distribution date.

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(f) A Participant receiving payments pursuant to this Section 8.08 may, upon Termination of Employment, elect any form of optional benefit payment then available under the Plan, provided such form of payment meets the requirements of Code Section 401(a)(9). The Committee may deny the optional benefit form selected by the Participant or adjust it in any manner necessary to arrive at a form of payment which meets the requirements of the Code.

(g) Annual installment payments payable pursuant to the provisions of Sections 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), and 8.08(b)(2)(ii) shall be calculated by dividing the balance of Units and Shares in the Participant's Account on the last day of the calendar year prior to the calendar year in which the distribution date occurs (as determined under Sections 6.01 and 6.02 and less any distributions previously made to the Participant in the same calendar year by reason of this Section 8.08) by the number of installment payments not yet distributed and either

(i) valuing the resulting number of Units and Shares as provided in Sections 6.01 and 6.02 as of the October Valuation Date immediately preceding the December distribution date, or

BENEFITS

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(ii) valuing the resulting number of Units and Shares as provided in Sections 6.01 and 6.02 as of the January Valuation Date immediately preceding the April distribution date, whichever is applicable.

SECTION 8.09 - Annuity Payments.  
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(a)(1) Money Purchase Account Paid as Annuity. Unless otherwise  
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elected as provided below, a Participant who is married on the "annuity starting date" and who does not die before the "annuity starting date" shall receive the vested portion of his Participant's Account that is a part of the money purchase pension component of the Plan ("Money Purchase Account") in the form of a joint and survivor annuity. The joint and survivor annuity is the annuity that is purchased with the distributable proceeds of the vested portion of the Participant's Money Purchase Account. Any costs associated with the purchase of any annuity contract to provide the joint and survivor annuity shall be charged against the distributable proceeds of the Participant's Money Purchase Account. The joint and survivor annuity shall commence within a reasonable time after the Participant's annuity starting date, and shall be equal in value to a single life annuity for the life of the Participant. Such joint and survivor

BENEFITS

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benefits shall be paid to the Participant for his life and following the Participant's death shall continue to the spouse during the spouse's lifetime at a rate equal to 50% of the rate at which such benefits were payable to the Participant. An unmarried Participant shall receive his Money Purchase Account in the form of a single life annuity commencing within a reasonable time after the Participant's annuity starting date. The single life annuity is the annuity purchased with the distributable proceeds of the Participant's Money Purchase Account. Any costs associated with the purchase of an annuity contract to provide the single life annuity shall be charged against the distributable proceeds of the Participant's Money Purchase Account.

(2) Election to Waive Annuity Payments. Any election to waive the

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joint and survivor annuity must be made by the Participant during the election period in writing on a form prescribed by and Filed With The Committee and be consented to by the Participant's spouse. Such an election to designate a beneficiary or a form of benefits may not later be changed without spousal consent. An unmarried Participant may elect in writing during the election period on a form prescribed by and Filed With The Committee, to waive the single life annuity. Any form of benefit or beneficiary

BENEFITS

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designation made under this Section 8.09(a)(2) must establish the same form of benefit and beneficiary as is selected for the Participant's non-Money Purchase Accounts. Any election made under this Section 8.09(a)(2) may be revoked by the Participant in writing without the consent of the spouse at any time during the election period. The number of revocations shall not be limited. Any new election must comply with the requirements of this paragraph.

(3) Spousal Consent. Spousal consent will be valid only if it is made

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in writing on a form prescribed by and Filed With The Committee, the spouse acknowledges the effect of the consent, and the acknowledgment is witnessed by a Plan representative or a notary public. If the spouse is legally incompetent to give consent, the spouse's legal guardian, even if such guardian is the Participant, may give consent. Such spouse's consent shall be irrevocable. A former spouse's consent shall not be binding on a new spouse. Such consent shall not be required if it is established to the satisfaction of the Committee that the required consent cannot be obtained because there is no spouse, the spouse cannot be located, or other circumstances that may be prescribed by Treasury Regulations. If the existence of a surviving spouse is uncertain or if the

BENEFITS

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validity of spousal consent is unclear, the Committee shall withhold payment of benefits until such time as spousal existence or the validity of spousal consent can be determined with certainty. The Committee in its discretion may refuse to recognize a spousal consent if it believes for any reason that the consent is invalid.

(4) Election Period. The election period to waive annuity payments

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shall be the 90 day period ending on the "annuity starting date". For purposes of this Section, the "annuity starting date" means the first day of the first period for which an amount is paid as an annuity, or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the Participant to such benefit.

(5) Notice of Election Rights. With regard to the election, the

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Committee shall provide to the Participant a written explanation which meets the requirements of Code Section 417(a)(3)(A).

(b) Effect of Waiver. In the event a Participant elects pursuant to

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paragraph (a)(2) above not to receive his Money Purchase Account in the form an annuity, the Committee, pursuant to the election of the Participant, shall direct the Trustee to distribute such amount in the same manner and to the same



BENEFITS

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beneficiary which the Participant has selected for his non-Money Purchase Account.

SECTION 9

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PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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SECTION 9.01 - Notwithstanding other provisions of the Plan to the

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contrary, a Participant may withdraw a part or all of the dollar value of the balance of Units and Shares of Thrift Stock in his Participant's Account attributable to (i) his After-Tax Contributions, (ii) contributions made by the Corporation under the Plan as in effect prior to December 26, 1983, and (iii) Corporation Matching Contributions that are not ESOP Contributions to the extent vested under the provisions of Sections 8.02(a)(3), (4) or (5) or 8.02(b), subject to the following conditions and limitations:

(a) Such withdrawal will be permitted only once every twenty-six (26) weeks;

(b) Such withdrawal may not be in an amount less than six hundred dollars (\$600), and any larger amount must be added in increments of fifty dollars (\$50). Effective as of the first payroll period in the July 1989 Month, if the entire amount subject to withdrawal under this Section 9.01 is less than six hundred dollars (\$600), such amount may be withdrawn, but only in its entirety;

(c) Corporation Matching Contributions may be withdrawn under this Section 9.01 only to the extent

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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they are vested and were made prior to the twenty-four (24) month period ending on the effective date of the withdrawal; and

(d) A Participant may not withdraw any part of the dollar value in his Participant's Account attributable to ESOP Contributions.

A withdrawal under this Section 9.01 will first be deducted from the dollar value of the balance of Units and Shares in his Participant's Account which were credited with respect to After-Tax Contributions determined as provided in Sections 6.01 and 6.02 on the Valuation Date of the month in which the application for withdrawal is Filed With The Committee (prior to July 1, 1990 "coincident with or immediately preceding the date of such withdrawal" shall be substituted for "of the month in which the application for withdrawal is Filed With The Committee"). In the event the amount withdrawn, if any, is less than or no more than equal to the total amount of actual After-Tax Contributions (without earnings or capital appreciation), a Participant making such withdrawal shall not be entitled to receive the Corporation Matching Contributions described in Sections 4.01 or 17.04 for a period of thirteen (13) weeks next following such withdrawal. In the event the amount withdrawn, together with amounts previously withdrawn, if any, exceeds the total amount of actual After-Tax

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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Contributions, and thereby includes all or part of the earnings or capital appreciation on such Participant's After-Tax Contributions or includes all or part of the contributions made by the Corporation prior to December 26, 1983 or Corporation Matching Contributions available for withdrawal under this Section 9.01, a Participant making such withdrawal shall not be entitled to receive the Corporation Matching Contributions described in Sections 4.01 or 17.04 for a period of twenty-six (26) weeks next following such withdrawal.

A Participant who is also participating in the Sanders Associates, Inc. Thrift Plan ("Thrift Plan") and who withdraws the net value of his account under the Thrift Plan attributable to his "Supplementary After-Tax Allotments" or his "Basic After-Tax Allotments" in accordance with Sections 7.2.1 or 7.2.2 of the Thrift Plan (but not earnings or capital appreciation on such amounts) ("Sanders After-Tax Contributions"), shall not be entitled to receive the Corporation Matching Contributions described in Section 4.01 of this Plan for a period of thirteen (13) weeks next following such withdrawal. If the amount such Participant withdraws from the Thrift Plan exceeds his Sanders After-Tax Contributions and thereby includes all or a part of the earnings or capital appreciation of such Participant's Sanders After-Tax Contributions in the Thrift Plan or

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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includes the vested portion of the Participant's account value under the Thrift Plan attributable to "Employer contributions" in accordance with Section 7.2.3 of the Thrift Plan, the Participant shall not be entitled to receive the Corporation Matching Contributions described in Section 4.01 of this Plan for a period of twenty-six (26) weeks next following such withdrawal.

SECTION 9.02 - Upon withdrawal under Section 9.01 or 9.03, the number

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of Units or Shares equivalent to the Unit or Share value of dollars so withdrawn on the Valuation Date of the month in which the application for withdrawal is Filed With The Committee (prior to July 1, 1990 "coincident with or immediately preceding the date of such withdrawal" shall be substituted for "of the month in which the application for withdrawal is Filed With The Committee") shall be deducted from the Units and Shares then in such Participant's Account. Such deductions shall be based on the dollar value of Units and Shares credited to the Bond Fund, Thrift Stock in the ESOP Fund, the Lockheed Martin Stock Fund, the Securities Fund and/or the STIF Fund in the same proportion as the dollar value of such Units and Shares in such Participant's Account are at such time credited to each Fund.

SECTION 9.03  
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(a) (1) A Participant who is not eligible to make a withdrawal under Section 9.01 because of the provisions of Section 9.01(a), may withdraw amounts otherwise available under Section 9.01 and Elective Deferral amounts (but not earnings on Elective Deferral amounts) only as may be required to relieve financial hardship. Notwithstanding the foregoing, a Participant who is employed by Sanders Associates, Inc. may also withdraw under this Section 9.01 earnings on Elective Deferral amounts to the extent such earnings were credited to his Account on December 31, 1988.

(2) Effective after the beginning of the first payroll period in Lockheed Corporation's July 1989 Month, a Participant with a financial hardship may withdraw amounts available under Section 9.01 and Elective Deferral amounts (but not earnings on Elective Deferral Amounts) to relieve the hardship without first making a withdrawal under the provisions of Section 9.01 which would result in suspension of Corporation Matching Contributions.

(3) Elective Deferral amounts may be withdrawn only after the Plan Account balances available under Section 9.01 have been totally withdrawn under Section 9.01 or this Section 9.03. Effective April 1,

1989, an application for a withdrawal under this Section 9.03 shall be considered by the Committee only if the Participant provides written evidence that he has one or more of the immediate and heavy financial needs described in subsection (b) and that the withdrawal is necessary to satisfy the need as described in subsection (c). A hardship withdrawal will be granted only if the Committee, after considering all relevant facts and circumstances and applying the objective standards of this Section 9.03 in a nondiscriminatory manner, determines the existence of an immediate and heavy financial need and the amount necessary to meet the need.

(b) An immediate and heavy financial need exists only if the requested withdrawal is to satisfy:

(1) non-reimbursed medical expenses described in Code Section 213(d) (generally, those for "medical care") incurred by the Participant, his spouse or any of his dependents,

(2) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence,

(3) non-reimbursed expenses directly related to a fire, explosion, flood, wind, rain,

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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lightning, snow, sleet, hail, ice, volcanic eruption, tidal wave,  
earthquake, mudslide or other similar natural disaster,

(4) non-reimbursed expenses not described in subsection (1) above which are directly related to the institutionalizing of the Participant, his spouse or any of his dependents in a hospital, facility for the care or education of the mentally or physically handicapped, nursing home, skilled care facility, hospice, in-patient substance abuse center, rehabilitation center, or institution of a similar nature, but not including camps, detention centers, jails, or prisons,

(5) non-reimbursed expenses directly related to the burial of the Participant's spouse or any of his dependents (determined without regard to the support and residency tests of Section 9.03(e)(1)(i) and (ii), including travel expenses only if the burial costs have been borne by the Participant, and excluding wages lost due to administering an estate, preparing for a funeral, or attending a funeral.

(6) non-reimbursed tuition, room and board, books, and fees for the next semester or quarter of primary (grades 1 through 8), secondary (grades



PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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9 through 12), or post-secondary education for the Participant, his spouse, or any of his dependents, excluding expenses related to enrollment in child care or day care facilities and for instruction in music, dance, athletics, and the like which is outside of the student's basic education curriculum,

(7) the need to replace gross wages (net of disability benefits, workers compensation insurance or any other payment received as a result of prolonged absence) ordinarily paid by the Employer to the Participant, but only if

a. the Participant has been on prolonged absence status for a period of at least four consecutive weeks, and

b. the Participant makes a request for withdrawal by Filing With The Committee while on prolonged absence status or within 30 days after returning to active payroll status or within 30 days after prolonged absence status has otherwise been terminated, or

(8) down payment, closing costs and other non-reimbursed expenses directly related to the purchase, construction, or major renovation of the principal residence for the Participant, but not

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including expenses related to repairs, remodeling, decorating, landscaping, refinancing, mortgage payments, leasing, or real property taxes or homeowners dues other than such taxes or dues payable as part of closing costs. For purposes of this Section 9.03(b)(8), a residence shall be treated as undergoing a major renovation only if the expenditures materially extend the useful life of the residence and significantly upgrade its usefulness through

a. gutting and extensive reconstruction of major structural components,

b. cure of a substantial accumulation of major disrepairs, limited to expenses necessary to bring major housing components and systems into compliance with local building, health or safety codes or otherwise make the dwelling habitable,

c. changing the floor plan by means of tearing down existing interior walls and partitions and building new walls, partitions, and doors,

d. enlarging the dwelling by increasing the total volume, other than an

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increase in interior floor space resulting from interior remodeling, or

e. completion of construction of areas left unfinished in the original construction of the dwelling.

(c) A withdrawal is necessary to satisfy an immediate and heavy financial need only if

(1) the amount withdrawn does not exceed the amount of the need,

(2) the need cannot be relieved through reimbursement or compensation by insurance, workers compensation, unemployment insurance, disability payments, scholarships, grants, or otherwise,

(3) the need cannot be relieved by cessation of Elective Deferrals and After-Tax Contributions under the Plan,

(4) the need cannot be relieved by other distributions or nontaxable (at the time of the loan) loans currently available from any plans maintained by the Corporation (including this Plan) or any other employer,

(5) the need cannot be relieved by borrowing from commercial sources on reasonable commercial terms, and

(6) the need cannot be relieved by reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need.

The provisions of paragraphs (4), (5) and (6) of this Section 9.03(c) shall not apply to a withdrawal of amounts available under Section 9.01. However, a Participant requesting a hardship withdrawal of amounts available under Section 9.01 must establish that the amount requested is not reasonably available from other sources.

(d) For purposes of Section 9.03(c)

(1) The Participant's resources shall be deemed to include those assets of his spouse and minor children that are reasonably available to the Participant, including assets held as community property, joint tenants, tenants by the entirety, or tenants in common, but excluding property held for the Participant's child under an irrevocable trust or under the Uniform Gifts to Minors Act.

(2) Liquidation of the following assets will be considered an "unreasonable liquidation" and

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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will not be required as a prerequisite to a withdrawal under Section 9.03:

(i) The Participant's aggregate interest in real property or personal property that the Participant, his spouse or any of his dependents uses as a principal residence, or in a cooperative that owns property that the Participant, his spouse or any of his dependents, uses as a principal residence.

(ii) The Participant's interest in motor vehicles, excluding recreational vehicles, used by the Participant, his Spouse, or any of his dependents for transportation to and from a school or place of employment.

For purposes of this paragraph (d)(2) "Participant's interest" includes the interests of the Participant's spouse and minor children described in paragraph (d)(1) above.

(e) Except as expressly provided otherwise, for purposes of this Section 9.03, "dependent" means

(1) the Participant's child (including an adopted child), grandchild, stepchild, brother, sister, halfbrother, halfsister, stepbrother, stepsister, parent, grandparent, stepparent, aunt,

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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uncle, niece, nephew, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and any other individual (including a cousin) whose principal place of abode is the Participant's home and who is a member of the Participant's household without being in violation of local law if

(i) the relative or other individual is a citizen, resident, or national of the United States or a resident of Canada or Mexico and

(ii) the Participant provides more than one-half of the relative's or other individual's support, and

(2) any other individual who is the Participant's dependent within the meaning of Code Section 152.

(f) The Committee shall be entitled to rely, without the need for independent certification, on the authenticity of all documents submitted by the Participant in support of his application under this Section 9.03 and on the truthfulness of the facts and representations set forth by the Participant in such application.

SECTION 9.04 -  
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(a) The Committee shall have the investment management discretion to direct the Trustee to lend money to Participants. Each such loan shall be treated as an investment of a portion of the Trust Funds representing the borrowing Participant's Account. The Committee may, upon finding that such actions are necessary or desirable, establish loan policies which permit the waiver of defaults or which establish any loan procedures or requirements which are not inconsistent with this Section.

(b) A Participant who wishes to borrow money from the Plan shall file a written loan application with the Committee. The Committee, in its sole fiduciary discretion, shall approve the loan unless it determines that such investment of Trust Fund assets is not in the best interest of Plan Participants and beneficiaries. The Committee shall exercise its discretion in a uniform and nondiscriminatory manner. A loan shall be granted only under the following requirements and conditions.

(1) Beginning October 1, 1989, no loan shall be made in an amount which exceeds the combined value of the Participant's Elective Deferral amount and After-Tax Contributions amount and no

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS  
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loan shall be made in an amount which exceeds fifty percent (50%) of the value of the vested portion of the Participant's Account. In addition, no loan shall be made in an amount greater than \$50,000 (reduced by the Participant's highest outstanding loan balance during the preceding 12-month period under this or any other qualified pension benefit plan of the Corporation).

(2) No loan shall be made to a Participant who has a loan outstanding under this or any other qualified pension benefit plan of the Corporation.

(3) The loan shall bear interest at an annual percentage rate (rounded to the nearest one-half of one percentage point) equivalent to the weekly average yield, adjusted for constant maturity, on five-year Treasury notes. Such rate shall be established semi-annually as of the last week of November for loans made in the first six-month period of the following Plan Year; and as of the last week of May for loans made in the last six months of the current Plan Year.

(4) The minimum loan amount shall be \$500, except that the minimum loan amount for a Residential Loan shall be \$1,000. Any additional



PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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amounts must be in \$100 increments. A Residential Loan is a loan made to a Participant which is used to acquire any dwelling unit which is to be used within a reasonable period of time, as the principal residence of the Participant. An application for a residential loan must contain such documentation as is satisfactory for the Committee to verify the purpose of the loan.

(5) Interest and principal on a loan must be repaid through authorized payroll deduction in equal installments of at least \$10 per week over one or more whole-year (52-week) periods. The maximum repayment period shall be four years (208 weeks), except that the maximum repayment period for a Residential Loan shall be 15 years (780 weeks). The maximum weekly repayment amount may not exceed twenty-five percent (25%) of the Participant's Weekly Rate of Compensation. One pick-up payment per week, for a maximum of thirteen consecutive weeks, is required for a Participant whose repayments are in arrears because of insufficient earnings. Repayments will be invested in the Fund or Funds specified by the Participant for current Elective Deferrals or After-Tax Contributions, or otherwise the most

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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recent Elective Deferral or After-Tax Contribution specification by such Participant as shown on the records of the Trustee(s).

(6) The Loan shall be documented by such application forms, notes, evidences of indebtedness and other instruments, executed by the Participant, which the Committee in its discretion shall require. A promissory note, executed by the Participant shall be Filed With The Committee, and shall be accompanied by payment of a loan fee in the amount which is the greater of \$25 (\$50 in the case of a Residential Loan) or one-half of one percent of the amount of the loan. The spouse of a married Participant must consent to the loan application.

(7) A Participant is not eligible to apply for a loan until 13 weeks have expired following the repayment in full of a previous loan. This restriction is not applicable with respect to a loan for the purpose of refinancing an existing loan.

(8) A Participant will not be permitted to refinance a loan during the initial year of the loan, and may do so only once thereafter. A refinancing loan shall be subject to the same

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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terms and conditions currently applicable to new loans, except the term thereof cannot extend beyond five (5) years from the date the loan was originally made, or, in the case of a Residential Loan, five (5) years beyond the original maturity date thereof.

(9) A Participant will be permitted to prepay a loan:

a. At anytime after the loan has been in effect for 13 weeks; or

b. Within the 30-day period preceding the Participant's Termination of Employment. Any prepayment must be in the amount of the full outstanding loan balance.

(10) A Participant who is on an authorized leave of absence without pay may elect to continue repayments during such period. Such repayments may be made either weekly or monthly in the full amount due at such time of repayment. Upon return to the active payroll, a Participant who has not kept his repayments current may have the term of his loan extended by the number of weeks such repayments were not made, except that such extension will not be permitted if the term would extend beyond five (5) years from the date the

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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loan was originally made, or in the case of a Residential Loan, five (5) years beyond the original maturity date thereof.

(11) A Participant shall be in default of a loan if such Participant:

a. is an active Employee who has insufficient earnings to make a repayment for 13 consecutive weeks, or is otherwise 13 weeks or more in arrears in such weekly repayments; or

b. is an Employee returning from an authorized leave of absence without pay whose loan term cannot be extended pursuant to Subsection 9.04(b)(10) and who:

(i) does not pay all arrearages in a lump sum, or

(ii) is unable to pay up all arrearages through 13 consecutive pick-up payments, and fails to refinance the loan; or

c. has filed for relief under the U.S. Bankruptcy Code.

(12) A Participant who is in default of a loan:

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS  
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a. will be suspended from making Elective Deferrals and After-Tax Contributions for a period commencing on the date of default and ending on the later of:

(i) one year from such date, or

(ii) the date on which the outstanding loan balance is repaid by a single lump sum payment; and

b. will be ineligible to apply for a new loan for a period commencing on the date of default and ending on the later of

(i) one year from such date, or

(ii) thirteen (13) weeks following the repayment in full of the loan.

(13) Loan proceeds shall be deducted from the borrowing Participant's Account, based upon the Valuation Date of the month in which the loan is approved by the Committee. However, prior to July 1, 1990, loan proceeds shall be deducted from the borrowing Participant's Account based upon the Valuation Date coincident with or immediately preceding the date on which the Participant Files With The Committee the promissory note evidencing the loan debt. Loan proceeds will be deducted based on the dollar value of the Units and Shares

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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credited to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and/or the ESOP Fund in the same proportion as the dollar value of such Units and Shares in such Participant's Account are at such time credited to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and/or the ESOP Fund.

(14) Each loan from the Plan shall be secured by the borrowing Participant's Account in the Plan. If a Participant has a Termination of Employment before the loan is repaid, the loan shall become due immediately and shall be repaid out of the Participant's Account, which shall be reduced accordingly.

(15) All repayments, other than by authorized payroll deductions, shall be made by certified check or money order payable to the order of The Corporation, and delivered to a Plan Representative.

SECTION 10

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BENEFICIARY

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SECTION 10.01 - In the event an unmarried Participant dies on or after

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August 23, 1989, such Participant's Account under the Plan shall be paid in a single sum to his designated beneficiary. In the event a married Participant dies on or after August 23, 1984, such Participant's Account under the Plan (other than amounts in the money purchase pension component of the Plan which are subject to Section 10.02) will be paid in a single sum to his surviving spouse. If there is a surviving spouse and the Participant and spouse wish that benefits under the non-money purchase pension components of this Plan be paid to a designated beneficiary, the participant may designate a beneficiary to receive such benefits in lieu of the spouse but only with spousal consent of the person who is the spouse at the time of the Participant's death. Spousal consent will only be valid if it is made in accordance with Section 8.09(a)(3).

SECTION 10.02 -

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(a) Pre-retirement Survivor Annuity. Unless otherwise elected as

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provided below, a Participant who dies before the annuity starting date and who has a surviving spouse shall have the vested portion of his Money Purchase Account paid to his surviving spouse in the form of a pre-

BENEFICIARY

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retirement survivor annuity. A pre-retirement survivor annuity is the annuity for the life of the Participant's surviving spouse that is purchased with the distributable proceeds of the vested portion of the Participant's Money Purchase Account. Any costs associated with the purchase of any annuity contract to provide the pre-retirement survivor annuity shall be charged against the distributable proceeds of the Participant's Money Purchase Account. Unless the spouse directs otherwise as permitted in Section 10.02(e) payment of the pre-retirement survivor annuity will commence at the time the Participant would have attained his Normal Retirement Age.

(b) Waiver of Pre-retirement Survivor Annuity. Any election to waive

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the pre-retirement survivor annuity before the Participant's death must be made by the Participant during the election period in writing, on a form prescribed by and Filed With The Committee, and shall require the spouse's irrevocable consent in the same manner provided for in Section 8.09(a)(3). The spouse's consent must acknowledge the specific nonspouse beneficiary or the alternative form of death benefit to be paid in lieu of the pre-retirement survivor annuity. If after any revocation of a waiver a new waiver is made by a Participant, the spouse's consent as provided for in Section 8.09(a)(3) will be required for such new waiver.



BENEFICIARY

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(c) Election Period. The election period to waive the pre-retirement

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survivor annuity shall begin on the first day of the Plan Year in which the Participant attains age 35 and end on the date of the Participant's death. An earlier waiver (with spousal consent) may be made, but such waiver shall become invalid at the beginning of the Plan Year in which the Participant attains age 35. In the event a Participant separates from service prior to the beginning of the election period, the election period shall begin on the date of such separation from service.

(d) Notice of Election Rights. With regard to the election, the

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Committee shall provide Participants with a written explanation that meets the requirements of Code Section 417(a)(3)(B).

(e) Immediate Distributions of Money Purchase Account to Spouse. If

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the value of the vested portion of a Participant's Money Purchase Account is less than \$3,500, at his death the Committee shall direct the immediate distribution of such amount in a single sum to the Participant's spouse. If such value exceeds \$3,500, the surviving spouse may elect on a form prescribed by and Filed With The Committee (i) to commence receiving the pre-retirement survivor annuity within a reasonable time following the later of the Participant's death or the spouse's election or (ii) to receive a single sum

BENEFICIARY  
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distribution of the vested portion of the Participant's Money Purchase Account, provided such surviving spouse consents in writing to such distribution. Any written consent required under this paragraph must be obtained not more than 90 days before commencement of the distribution and shall be made in a manner consistent with Section 8.09(a)(3). If a surviving spouse's consent is not received by the later of the time the Participant would have attained his Normal Retirement Age or 90 days after the Participant's death, the pre-retirement survivor annuity will commence to such spouse within a reasonable time after such date.

Section 10.03 - Designation of Beneficiary. Subject to the  
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provisions of Sections 10.01 and 10.02, a Participant may designate in writing a beneficiary or beneficiaries. The terms "beneficiary" or "beneficiaries" shall mean any person or persons so designated by a Participant to receive benefits to which such Participant may be entitled under the Plan upon his death. If more than one beneficiary is named, the Participant may specify the sequence and/or proportion in which payments shall be made to each beneficiary. In the absence of a specification of either sequence or proportion, payments shall be made in equal shares to all named beneficiaries. All such designations shall be made by filing with the Committee. In the absence of such

BENEFICIARY

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designation which is effective, payments shall be made in accordance with applicable law. When payment has been made in accordance with the foregoing provisions, there shall be no further liability of the Corporation, the Trustee(s), or any other person or legal entity to anyone in connection with such deceased person under the Plan.

SECTION 11

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NAMED FIDUCIARIES

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AND

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ALLOCATION OF RESPONSIBILITIES

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SECTION 11.01 - The following persons shall be "Named Fiduciaries"

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under the Plan and Trust Agreements, and shall be the only Named Fiduciaries hereunder:

(a) The Trustee. Any Trustee designated hereunder shall be a bank or

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trust company qualified under the laws of the United States or of any State to operate thereunder as a trustee.

(b) Lockheed Corporation, as Plan Sponsor. Any authority assigned or

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reserved to Lockheed Corporation under the Plan and Trust Agreement shall be exercised by resolution of the Board of Directors or as otherwise provided at Section 13.01 of this Plan. Such a resolution shall become effective with respect to the Trustee upon receipt by the Trustee of a certified copy of such Board of Directors' resolution.

(c) The Committee, as Administrator of the Plan. The Committee shall

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be appointed to serve as Administrator by resolution duly adopted by the Board of Directors. Whenever a Committee is so appointed, the Trustees shall be advised of the name or names of the person or persons so appointed by providing to the

Trustees a certified copy of such Board of Directors' resolution, and the Trustees may assume that such person or persons shall continue in office until advised differently in the same manner. Whenever a Trustee must or may act upon the direction or approval of the Committee, the Trustee may act upon written communication signed by a majority of such Committee, or an agent appointed in writing by a majority of such Committee to act on the Committee's behalf, and the authority of any such agent shall be deemed to continue until revoked in writing. In such case, the Trustee shall not be responsible for failure to act without such a communication.

(d) The Participant, under Sections 4A.08 and 4A.09. A Participant  
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shall be a "Named Fiduciary" solely for purposes of tender and voting of Stock as provided in Sections 4A.08 and 4A.09.

SECTION 11.02 - Responsibilities shall be allocated among the Named  
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Fiduciaries as follows:

(a) Each Trustee shall, unless otherwise directed by an Investment Manager (if such has been appointed), have exclusive authority and discretion to manage and invest the assets of the Trust Fund, as provided in its Trust Agreement. Shares in the ESOP Fund shall be tendered, exchanged and voted as provided in Sections 4A.08 and 4A.09. Each Trustee shall further be

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES  
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responsible for the holding and disbursement of all contributions and income received by it under the Plan, as provided in its Trust Agreement, and shall have such other responsibilities as are provided in such Agreement. To any extent that the ESOP Trust Agreement differs or prescribes different rights or duties for the ESOP Trustee than those found in this Plan, the provisions of such Trust Agreement shall govern.

(b) Lockheed Corporation shall have the authority and responsibility for:

- (1) the design of the Plan and Trust Agreements, including amendment of the Plan and Trust Agreements;
- (2) the qualification of the Plan under applicable law;
- (3) the designation of members of the Committee; and
- (4) funding the Plan in accordance with applicable law and determinations of the Committee.

(c) The Committee shall have the responsibility, authority and discretion necessary to control the operation and administration of the Plan and Trust

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES  
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Fund(s) in accordance with the terms of the Plan and Trust Agreement(s), including, without limiting the generality of the foregoing:

- (1) all functions assigned to the Committee under the terms of the Trust Agreement;
- (2) all functions assigned to the Committee under the terms of the Plan;
- (3) determination of benefit eligibility and amount and certification thereof to Trustees;
- (4) hiring of persons to provide necessary services to the Plan;
- (5) issuance of directions to the Trustees to pay any fees, taxes, charges or other costs incidental to the operation and management of the Plan, as provided in Section 7.05;
- (6) preparation and filing of all reports required to be filed by the Plan with any agency of Government;
- (7) compliance with all disclosure requirements imposed by state or federal law;
- (8) establishment of a funding policy within the meaning of Section 402(b)(1) of ERISA;
- (9) maintenance of all records of the Plan other than those maintained by the Trustees;

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES

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- (10) interpretation and construction of Plan provisions;
- (11) establishment of procedures to be followed by Participants and beneficiaries for Filing With The Committee;
- (12) the determination of the amounts needed to fund the Plan, and the payment of such amounts from corporate funds to the Trustee;
- (13) the appointment, removal and replacement of the Trustees;
- (14) the appointment, removal and replacement of one or more Investment Managers (as defined in Section 3(38) of ERISA or any other provision of ERISA or other statute of similar import) which shall be responsible for the management of such of the assets of the Trust Fund(s) as the Committee shall specify; and
- (15) the exercise of all fiduciary functions provided in the Plan or in the Trust Agreements or necessary to the operation of either except such functions as are specifically assigned to other Named Fiduciaries. The Committee may adopt such rules to govern its own procedures as it may deem advisable, provided that such rules are not inconsistent with the provisions and purposes of



NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES  
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the Plan or Trust Agreements. The Committee may designate other persons, including the Trustee(s), to carry out its duties and responsibilities, as it may deem appropriate or necessary. Effective January 1, 1993, the Committee for Employee Benefit Plans shall make annual reports to the Board of Directors on the operation and administration of the plan and trust funds. The report shall be made in the form and manner determined by the Board of Directors.

(d) Participants who have Shares credited to their Participants' Accounts shall make tender or exchange decisions and voting decisions with respect to Shares as provided in Sections 4A.08 and 4A.09 and the Trust Agreement between the Corporation and the ESOP Trustee.

SECTION 11.03 - Each Named Fiduciary is allocated the individual  
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responsibility for the prudent execution of the functions assigned to him, and none of such responsibilities or any other responsibility shall be shared by two or more of such Named Fiduciaries unless such sharing shall be provided by a specific provision of the Plan or a Trust Agreement. Whenever one Named Fiduciary is required by the Plan or a Trust Agreement to follow the directions of another Named Fiduciary, the two Named Fiduciaries shall not

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES

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be deemed to have been assigned a shared responsibility, but the responsibility of the Named Fiduciary giving the directions shall be deemed his sole responsibility, and the responsibility of the Named Fiduciary receiving those directions shall be to follow them insofar as such instructions are on their face proper under applicable law.

SECTION 11.04 - A Named Fiduciary may employ one or more persons to

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render advice concerning any responsibility such Named Fiduciary has under the Plan or Trust Agreement(s).

SECTION 11.05 - To the extent permitted by law, Lockheed Corporation

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shall indemnify each member of the Committee and any employee of the Corporation who acts as an agent of the Committee, or who advises the Committee, against any and all expenses and/or liabilities arising out of his service or membership on the Committee, or service for or advice to the Committee.

SECTION 12

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GENERAL PROVISIONS

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SECTION 12.01 - The existence of this Plan or any action hereunder and

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participation in the Plan shall in no way affect the Corporation's right to discipline, discharge, or take any other action with respect to employees.

SECTION 12.02 - To the extent permitted by law: No right or benefit

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provided for in this Plan shall be subject in any manner to anticipation, commutation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to anticipate, commute, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void. No such right or benefit shall be in any manner liable for or subject to the debts, contracts, liabilities, or engagements of any person entitled to such right or benefit. No such right or benefit shall be subject to garnishment, attachment, execution, levy or any other similar adverse legal process, or to bankruptcy or insolvency proceedings of any kind. If any person entitled to rights or benefits under the provisions of this Plan shall attempt to anticipate, commute, alienate, sell, transfer, assign, pledge, encumber or charge any such right or benefit, or if any such right or benefit shall, notwithstanding the provisions of the preceding sentence, be subject, in whole or in part, to garnishment, attachment,

GENERAL PROVISIONS

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execution, levy or any other similar adverse legal process, or to bankruptcy or insolvency proceedings of any kind, then in the sole discretion of the Committee such right or benefit or part thereof, as the case may be, shall cease and determine and in such event the Committee may hold or apply the same, in whole or in part, to or for the benefit of his spouse, children, next of kin or dependents, or any of them, in such manner and in such proportions as the Committee may deem proper. Any right or benefit so held or applied shall be deemed conclusively to have been held or applied, as the case may be, for the benefit of such person entitled to such right or benefit under the provisions of this Plan.

SECTION 12.03 - If the Committee determines that any person entitled

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to payments under this Plan is a minor or incompetent by reason of physical or mental disability, it may cause all payments then due or thereafter becoming due to such person to be made or any legally authorized person for his benefit, without responsibility to follow the application of amounts so paid. Payments made pursuant to this Section shall completely discharge the Committee, the Trustees, and the Corporation.

SECTION 12.04 - Each Participant shall be responsible for furnishing

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the Committee with his current address and the name, current address, and social security number, if any, of his beneficiary if he has designated a

GENERAL PROVISIONS

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beneficiary. Any notices required or permitted to be given hereunder shall be deemed given if directed to such address and mailed by regular United States First-Class mail. The Committee, the Trustees, and the Corporation shall have no obligation or duty to locate such Participant or his beneficiary. In the event a Participant or his beneficiary becomes entitled to a payment under this Plan and such payment cannot then be made because the current address referred to above is incorrect, because such Participant or beneficiary fails to respond to the notice sent to the current address referred to above, because of conflicting claims to such payment, or for any other reason, the amount of such payment, when and if made, shall be based on the dollar value of the Units and Shares in such Participant's Account with respect to such payment, as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately preceding the date such payment is actually made.

SECTION 12.05 - A claim for benefits shall be presented by Filing With

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The Committee. Any denial by the Committee of a claim for benefits under the Plan by a Participant or beneficiary shall be stated in writing by the Committee and delivered or mailed to the Participant or beneficiary. Such notice shall set forth the specific reasons for the denial and shall be written in a manner

GENERAL PROVISIONS

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which may be understood without legal or actuarial counsel. Such notice shall also include a description of any material or information necessary for the Participant or beneficiary to perfect the claim, an explanation of why such material or information is needed, and an explanation of the Plan's review procedure. Within sixty days after the receipt of such notice, the Participant or beneficiary may, by Filing With The Committee, request review by the Committee of its initial denial of the claim. Such Participant or beneficiary shall be afforded the opportunity to review pertinent documents relating to the initial denial and submit issues and comments in writing to the Committee. The Participant or beneficiary may, at his expense, be represented by legal counsel during the review proceedings.

SECTION 12.06 - In the event of a merger or consolidation with, or

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transfer of assets and liabilities to, any other plan, each Participant must, if the Plan is then terminated, receive the benefit after the merger, consolidation or transfer of assets and liabilities which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer of assets and liabilities if the Plan had then terminated.

SECTION 12.07 - To the extent provided by law, if any benefit under

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the Plan cannot be paid because, after due

GENERAL PROVISIONS

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diligence, the proper recipient cannot be located during the three (3) year period commencing on the date the benefit is first payable, the amount of the benefit shall be returned to the appropriate Trust Fund as a credit to Corporation Matching Contributions. If, however, a proper recipient subsequently makes a valid claim for such benefit, the amount of such benefit shall be restored to the Trust Fund by the Corporation and will be paid as provided in Section 12.04.

SECTION 12.08 -

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(a) This Plan will follow the terms of any qualified domestic relations order issued with respect to a Participant. However, the Plan will only follow orders which meet all of the requirements of subsection (b).

(b) A "qualified domestic relations order" is any judgment, decree or order, including the approval of a property settlement or agreement, provided that

(1) the order relates to the provision of child support, alimony or marital property rights and is made pursuant to state domestic relations or community property laws;

(2) the order creates or recognizes the existence of an alternate payee's right to receive all or a portion of a Participant's Account;

GENERAL PROVISIONS

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(3) the order specifies the name and last known mailing address of the Participant and each alternate payee covered by the order;

(4) the order specifies the amount or percentage of the Participant's Account to be paid to each alternate payee or the manner in which the amount or percentage is to be determined;

(5) the order specifies the number of payments or the period to which the order applies;

(6) the order specifically names this Plan as the plan to which the order applies;

(7) the order does not require this Plan to provide any type of benefits or form of benefits not otherwise provided under this Plan;

(8) the order does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined by the Committee to be a qualified domestic relations order; and

(9) if the order requires that payments to the alternate payee commence before they commence with respect to the Participant, the order specifies that payments will not commence before



GENERAL PROVISIONS  
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the Participant attains or would have attained the earliest allowable retirement age under the Plan.

A qualified domestic relations order may provide that a former spouse of the Participant is to be treated as a surviving spouse for purposes of the death benefit provisions of this Plan. Subsection (c) sets forth the procedures under which the Committee shall determine whether a domestic relations order properly qualifies.

(c) The Committee shall not treat any judgment, order or decree as a "qualified domestic relations order" unless it meets all of the requirements set forth in subsection (b). If the order meets these requirements, the Committee shall follow the terms of the order whether or not this Plan has been joined as a party to the legal proceeding out of which the order arises. Upon receipt of a domestic relations order, the Committee shall notify the Participant and alternate payee of (1) its receipt of the order and (2) its need to determine the qualified status of the order in accordance with subsection (b). The alternate payee may designate a representative to receive copies of future notices with respect to the qualified status of the order. To the extent an order calls for benefits to be paid to an alternate payee before the qualified nature of the order is determined, a separate

GENERAL PROVISIONS

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account shall be established to hold the benefit payments affected by the order. This account shall be administered in accordance with the rules set forth in Section 206(d)(3)(H) of ERISA.

Section 12.09 - Rollover Contributions.  
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(a) Effective July 1, 1993, an Eligible employee, regardless of whether he has satisfied the eligibility requirements of Section 2 who has received a distribution from a plan which meets the requirements of Section 401(a) of the Code my, with the approval of the Corporate Salary Board, transfer the distribution received from the other plan to the Trustee; provided that the distribution is eligible for rollover treatment and exclusion from the gross income of the Employee in accordance with Section 402(c) of the Code.

(b) The Committee shall develop such procedures, and may require such information from an Employee desiring to make such a transfer, as it deems necessary or desirable. Upon approval by the Committee, the amount transferred shall be deposited in the Trust Fund and shall be credited to an account which shall be 100% vested and shall share in allocations of income, gain and loss as provided in the Plan.

SECTION 13

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AMENDMENT OR TERMINATION OF THE PLAN

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SECTION 13.01 - Effective January 1, 1993, the Corporation reserves

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the right to amend, modify, suspend or terminate the Plan by action of the Board of Directors. In cases where amendments are necessary to implement changes not affecting the overall functioning of the Plan, such as extending Plan provisions to new companies, changing benefit levels for the employees at such companies, or as required by collective bargaining agreements, federal law, government customer requirements, federal law, government customer requirements and to maintain competitive programs to attract and retain employees; and such changes will not, in the judgment of the Lockheed Corporate Salary Board, substantially alter the nature or expense of the affected plan, then the power to amend the Plan shall also be delegated to the Corporate Salary Board under guidance from counsel. Any modification or amendment of the Plan may be made retroactive to the effective date, if necessary or appropriate, for the Plan to qualify and continue to qualify under the Code as now in effect or hereafter enacted or adopted, provided, however, that no modification or amendment shall be made which shall make it possible for any part of the Trust Fund(s) to be used for, or diverted to, purposes other than for the benefit of those entitled to

benefits hereunder. In accordance with Section 204(h) of ERISA, a Plan amendment which, in the sole judgment of the Corporation, significantly reduces the rate of future benefit accruals under the money purchase pension component of the Plan shall become effective on the later of its effective date or fifteen days after the Corporation provides written notice of the amendment to Participants and to alternate payees under qualified domestic relations orders which meet the requirement of Section 414(p) of the Code.

SECTION 13.02 - Although Lockheed Corporation hopes and expects to

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continue the Plan indefinitely the Board of Directors may terminate the Plan for any reason at any time, except as provided in any agreement with a collective bargaining agent. If the Plan is terminated, each Participant or former Participant shall fully vest and shall receive a payment equal to the value of his Participant's Account at the date of distribution. Whenever reference is made in this Section to termination of the Plan this shall mean formal termination of the Plan by appropriate action of Lockheed Corporation or by virtue of complete discontinuance by Lockheed Corporation of contributions called for by the Plan as the term "complete discontinuance of contributions under the plan" is used in Section 411(d)(3) of the Code and the regulations promulgated thereunder.

AMENDMENT OR TERMINATION OF THE PLAN

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SECTION 13.03 - If the Committee determines in its sole discretion

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that the Plan has been partially terminated, within the meaning of regulations under Code Section 411, the Committee shall determine the date of such termination and who has been affected by the termination. The Participant's Account of all Participants affected by the termination who were Employees on the date thereof shall become fully vested. Such Participant's Accounts, to the extent vested, shall remain payable under the terms of the Plan.

SECTION 14

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FLEXIBLE CREDIT CONTRIBUTIONS

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SECTION 14.01 - An Employee of CADAM, Inc. may elect, by Filing With

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The Committee, to have the Corporation contribute to the Trustee(s) an amount equal to the Employee's "Flexible Credit Balance" under the Flexible Benefits Plan as of the end of the Plan Year. Such Flexible Credit Contributions shall be treated as Elective Deferrals under this Plan, except that they shall be ignored for purposes of Sections 3.07, 3.08 and 9.03. Subject to the limitations of Section 9.01(a) and (b), such Flexible Credit Contributions shall be withdrawable after the close of the twenty-fourth (24th) month after the close of the Plan Year with respect to which such Flexible Credit Contributions were made. Notwithstanding anything to the contrary contained herein, such Flexible Credit Contributions shall not be treated as made pursuant to Section 125 of the Code.

SECTION 14.02 - In making the election required in Section

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14.01 the Employee shall specify that the Flexible Credit Contributions shall be invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund, or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other Funds, or three-fourths in one Fund and one-fourth in one of the other

FLEXIBLE CREDIT CONTRIBUTIONS

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Funds. Alternatively, the Eligible Employee may specify that one-fourth of the Flexible Credit Contributions shall be invested in Stock in lieu of one of the other Funds.

SECTION 14.03 - No part of the Flexible Credit Contributions paid to  
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the Trustee shall be recoverable by the Corporation.

SECTION 14.04 - Except in accordance with applicable federal and state  
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law, no liability for the payment of benefits under the Plan shall be imposed on the Corporation, its officers, directors, employees, or shareholders or the Committee of any of its members, nor shall they be subject to any suit or litigation or to any legal liability for any cause, or reason, or thing whatsoever in connection with the Plan or in connection with the operation of the Trust Fund(s). This shall not affect any obligation of the Corporation to pay any specific contribution to the Trustee which it has accrued and expressly obligated itself to pay, nor shall it affect the right, if any, of a Participant or beneficiary to seek redress against the proper person or persons, corporation, firm or trustee who violate his rights under the Plan.

SECTION 14.05 - Notwithstanding any other provision of the Plan to the  
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contrary, an Employee of CADAM, Inc., shall be considered a Participant for all purposes of the Plan except Section 3.01. Eligibility to participate

FLEXIBLE CREDIT CONTRIBUTIONS

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under Section 3.01 shall be determined under the provisions of Sections 2.01, 2.02, 2.03 and 17.02.



SECTION 15

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TOP HEAVY RULES

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SECTION 15.01 -

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(a) If this Plan is or ever becomes "top heavy," as determined under subsection (b), the following special rules shall apply and (for purposes of this Section only, any person excluded from the Plan solely because of the person's failure to make Elective Deferrals shall be considered a Participant):

(1) For any Plan Year in which the Plan is top heavy, each Eligible Employee who is an Employee on the last day of the Plan Year shall receive an allocation of Corporation contributions (including his Elective Deferrals) and forfeitures at least equal to three percent of the Eligible Employee's earnings (as defined in Section 5.02(c)(3)) for the Plan Year. If the money purchase pension component of the Plan receives a waiver of the minimum funding standard under Code Section 412(d) for the Plan Year, the minimum amount required to be allocated under the money purchase pension component of the Plan to each Participant under this subsection (a)(1) (without regard to the waiver) shall be credited to the Participant's Account in the money purchase

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pension component of the Plan. The balance of such Account shall be adjusted to reflect the credit in accordance with Revenue Ruling 78-223.

If an Eligible Employee under this Plan is also covered by another defined contribution plan maintained by the Corporation for the same Plan Year, this Plan and all such other defined contribution plans shall be aggregated in determining whether the minimum benefit required under Internal Revenue Code Section 416(c)(2) is provided for the Eligible Employee under this Plan. If an Eligible Employee in this Plan is also covered by a defined benefit plan maintained by the Corporation for the same Plan year and the minimum benefit required under Internal Revenue Code Section 416(c)(1) is being provided under such other plan for the Plan Year if it is not provided under this Plan, minimum benefits under this paragraph need not be provided for the Eligible Employee if the Committee so elects.

(2) For purposes of determining an Eligible Employee's allocation of Corporation Matching Contributions and forfeitures under Section 4.01 and paragraph (1), Elective Deferrals with respect to earnings (as defined in Section 5.02(c)(3)) in excess of \$200,000 (or such other amount prescribed under Code Section 416(d)) shall be

ignored for any Plan Year for which the Plan is top heavy.

(3) All Corporation-provided benefits under this Plan accruing through the end of the Plan's last top heavy year shall vest in accordance with the following schedule:

| Years of Service | Vested Percentage |
|------------------|-------------------|
| (at least) 2     | 20%               |
| 3                | 40%               |
| 4                | 60%               |
| 5                | 80%               |
| 6 (or more)      | 100%              |

The unvested portion of the Corporation Matching Contributions Account of a Participant who resigns or is discharged shall be forfeited on the last day of the Participant's first Break in Service after such resignation or discharge. If a Participant who resigns or is discharged again becomes an Employee before he or she has a Break in Service, the unvested portion of the Participant's Account shall not be forfeited. Thereafter, any allocations for the individual's benefit of Corporation Matching Contributions and forfeitures, and the gains and losses thereon, shall be made to his or her existing Corporation Matching Contribution Account. A former Employee's Vested percentage shall not be determined under this paragraph

TOP HEAVY RULES

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unless he again becomes an Employee before the unvested portion of his Corporation Matching Contribution Account is permanently forfeited under the terms of this Plan. If a Participant received a distribution from his or her Corporation Matching Contribution Account before it was fully vested, the Participant's vested interest in that Account shall not be determined under Section 8.02 after his rehire. Instead, his vested interest in that Account shall be the amount that would then be vested under Section 8.02 if his Corporation Matching Contribution Account were increased by the amount previously distributed, but with such vested amount being reduced by the amount of the prior distribution. When the Plan ceases to be top heavy, vesting in benefits accruing thereafter shall continue to be determined in accordance with this special vesting provision for a Participant who has five (5) or more Years of Service when the Plan ceases to be top heavy. The Committee shall establish appropriate procedures consistent with the other vesting provisions of this Plan for administering this special vesting rule. However, no Participant's vested interest in his Corporation Matching Contribution Account at the time the Plan ceases to be top heavy

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shall be reduced solely as a result of the Plan ceasing to be top heavy.

(b) This Plan is "top heavy" for a Plan Year commencing after December 31, 1983 if, as of the last day of the preceding Plan Year (the "determination date"), the amount credited to the Accounts of key employees (as defined in subsection (c)) exceeds sixty percent of the amount credited to the Accounts of all Employees. The Account of (1) a former key employee or (2) any current or former Employee who has not performed any Service for the Corporation during the five-year period ending on the determination date shall be excluded in determining whether the Plan is top heavy. However, if a current or former Employee resumes performing Service after the five-year period, his Account shall be included in determining whether the Plan is top heavy. The amount credited to an Account shall be determined as of the most recent Valuation Date within the Plan Year ending on the determination date, and shall include contributions to the money purchase pension component of the Plan not yet made but to be allocated as of the determination date. In addition, if the money purchase pension component of the Plan receives a waiver of the minimum funding standard under Code Section 412(d) for a Plan

TOP HEAVY RULES

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Year, the minimum amount required to be allocated under the money purchase pension component of the Plan to each Participant under subsection (a)(1) (without regard to the waiver) shall be credited to the Participant's Account under the money purchase pension component of the Plan. The balance of such Account shall be adjusted to reflect the credit in accordance with Revenue Ruling 78-223. Notwithstanding the foregoing, if, as of the determination date described above, this Plan is part of an "aggregation group," this Plan shall be top heavy if the group is top heavy and shall not be top heavy if the group is not top heavy. An "aggregation group" shall include all plans of the Corporation in which a key employee participates and each other plan of the Corporation which enables any such plan to meet the requirements of Code Section 401(a)(4) or 410. The Corporation may treat any plan not required to be included in an aggregation group as part of that group if the inclusion of the plan would not prevent the aggregation group from meeting the requirements of Code Section 401(a) or 410. The rules set forth above for determining whether this plan is top heavy shall be applied with respect to the sum of benefits provided under all plans in the aggregation group to determine whether the group is top heavy. For

TOP HEAVY RULES

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purposes of determining whether this Plan is top heavy, the amount credited to a Participant Account shall be determined as of the last valuation date coincident with or preceding the determination date, and shall include the aggregate distributions (without interest thereon) made under the Plan to a Participant (other than a former key employee) during the five year period ending on the determination date. Deductible (IRA-type) employee contributions and rollovers (or similar transfers) shall be ignored in determining whether this Plan is top heavy, except as otherwise provided in applicable Treasury Regulations. Distributions made within the five Plan Years ending on the determination date from a terminated plan shall be included in the aggregation group if the terminated plan would have been required to be included if the group had the plan not been terminated. For purposes of determining whether the Plan is 'top heavy', the accrued benefit under a defined benefit plan of an Employee, other than a key employee, shall be determined (i) under the method which is used for accrual purposes for all plans of the Corporation, or (ii) if there is no method described in (i) above, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under Code Section 411(b)(1)(C).

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(c) An Eligible Employee shall be a "key employee" if, during the Plan Year in question or any of the four preceding Plan Years, he is or was

- (1) an officer of the Corporation,
- (2) one of the ten Employees owning (or considered as owning within the meaning of Code Section 318) the largest interests in the Corporation,
- (3) a five percent owner of the Corporation, or
- (4) a one percent or more owner of the Corporation having an annual compensation (as defined in Treas. Section 1.415-2(d)) from the Corporation of more than \$150,000.

The number of officers of the Corporation treated as key employees under paragraph (1) shall be limited to fifty. A beneficiary of a key employee or a former key employee shall also be treated as a key employee or former key employee, respectively. Determinations under this subsection shall be made in accordance with Internal Revenue Code Section 416(i) and applicable Treasury Regulations.



SECTION 16

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SECTION 401(h) ARRANGEMENT

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SECTION 16.01 - The arrangement established by this Section funds

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post-retirement medical benefits for persons who participate in the money purchase pension component of the Plan (or who fail to participate solely because they have not completed one Year of Service or do not make required contributions to the Plan) who, subject to Section 16.07, currently or in the future qualify or may qualify for post-retirement medical benefits under the medical plans listed in the Exhibit to Section 16. These plans are collectively referred to in Section 16 as the "Health Care Plan." Although there is more than one Health Care Plan, this reference shall be interpreted as referring to a specific Health Care Plan if appropriate in the context. The Health Care Plan, as it may be amended in the future, is incorporated into Section 16 by this reference. The capitalized terms used in Section 16 are defined in Section 1 and Section 16.13 and shall be interpreted in accordance with those definitions for all purposes of Section 16 even if defined differently elsewhere with respect to the Health Care Plan.

SECTION 16.02 -

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(a) Prior to the adoption of this Section, the funding levels for each Health Care Plan were

SECTION 401(h) ARRANGEMENT

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considered separately. Benefits under the Health Care Plan were paid for by the Corporation from its general assets and by retiree contributions. Effective as of December 31, 1990, the segregated "Health Care Fund" described in Section 16.03 is created as a part of the money purchase pension plan component of the Plan in accordance with Code Section 401(h). The Health Care Fund will only be used to fund and pay for the Corporation-provided portion of Health Care Plan benefits of Participants in the money purchase pension component of the Plan (including, solely for purposes of this Section 16, persons who are not such Participants solely because they have not completed one Year of Service or do not make contributions to the Plan) who, subject to Section 16.07, currently or in the future qualify or may qualify for such benefits and who retire after December 31, 1992, and their spouses and dependents. Hence, to the extent Retired Participants or their spouses or dependents make contributions to the Health Care Plan, such contributions shall be made by them directly to the Corporation (or to the entity it designates), which shall use such contributions to pay for Health Care Plan benefits (other than by means of transferring such contributions to the Health Care Fund).

SECTION 401(h) ARRANGEMENT

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(b) The Health Care Fund shall fund and pay for the Corporation-provided portion of Health Care Plan benefits payable after \_\_\_\_\_ to persons described in Section 16.02(a) and no amounts shall be withdrawn from the Health Care Fund for that purpose until on or after such date

(c) Except as provided in Sections 16.07 and 16.12, the right of any individual to Health Care Plan benefits and all conditions to which such benefits are or may be subject shall be determined under the terms of the Health Care Plan. The Health Care Plan shall be interpreted and applied in a fashion consistent with Section 16 and is subject to amendment or termination in accordance with the Health Care Plan's own terms.

SECTION 16.03 - The Health Care Fund shall be maintained as a  
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separate account on the accounting records of the Plan. At the option of Lockheed Corporation (and as it expressly directs), separate Health Care Funds may be maintained with respect to any Corporation or group of Corporations or with respect to any separate Health Care Plan. All references to the "Health Care Fund" in Section 16 shall be construed as referring to each separate Health Care Fund (and the Corporation or Health Care Plan to which it relates) or to all such Funds collectively, as the context may require. For all investment purposes, the

SECTION 401(h) ARRANGEMENT

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assets attributable to the Health Care Fund may be commingled with other Plan assets. Each Health Care Fund shall be credited with (1) future Corporation contributions specifically designated as being made to it for the purpose of funding Health Care Plan benefits under Section 16 and (2) the gains and losses credited on those contributions. Health Care Plan benefits shall be paid from the amounts credited to the Health Care Fund or Funds which have been established with respect to the Health Care Plan and not out of any other assets of the Plan. Administrative expenses attributable to the Health Care Plan shall be paid out of the Health Care Fund (unless paid by the Corporation, which may pay such expenses directly, but shall not be obligated to do so). Thus, the assets of the Plan (other than those credited to the Health Care Fund) shall be used solely for paying retirement benefits. Similarly, the assets of the Health Care Fund shall be used solely for paying for the Corporation-provided portion of Health Care Plan benefits of Retired Participants and their spouses and dependents, and the administrative expenses incurred in connection with providing such benefits.

SECTION 16.04 - Lockheed Corporation, acting through the Salary

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Board, shall have the authority and responsibility for funding the Health Care Fund in accordance with applicable law and shall determine the

SECTION 401(h) ARRANGEMENT

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amount, if any, to be contributed to the Health Care Fund for any period. Amounts contributed to the Health Care Fund in the aggregate shall be reasonable and ascertainable and shall not exceed the total cost of providing the Health Care Plan benefits described in Section 16.02(b), determined in accordance with a generally accepted actuarial cost method using reasonable actuarial assumptions which include consideration of the terms and coverage of the Health Care Plan, its funding and any forfeitures arising under Section 16.06. Benefits paid for by the Health Care Fund are intended to be subordinate to the Plan's retirement benefits. Accordingly, the maximum contributions to the Plan made on or after December 31, 1990 for the purpose of providing Health Care Plan benefits shall not exceed twenty-five percent (25%) of the sum of Pension Cost, Health Care Plan Cost and Life Insurance Cost, reduced by Life Insurance Cost. For purposes of applying this limit, death benefits under the Plan that are provided without actuarial adjustment to retirement benefits and qualified pre-retirement survivor annuity benefits (within the meaning of Code Section 417(c)(1) shall not be treated as life insurance protection. If any amounts are inadvertently or negligently contributed to the Health Care Fund in excess of the limitations imposed by this Section, such excess allocations shall have been contributed to the Health Care Fund by

SECTION 401(h) ARRANGEMENT

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mistake of fact and in violation of this limit and shall be withdrawn from that Fund promptly and returned to the Corporation or be applied to provide retirement benefits otherwise payable under the Plan, as the Corporation directs. Any such amounts shall not be taken into account in applying the twenty-five percent limit imposed by this Section on contributions to provide Health Care Plan benefits.

SECTION 16.05 - The Corporation shall designate which contributions

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to the Plan are being made for Health Care Plan benefits at the time the contributions are made and these contributions shall be credited to the Health Care Fund. Such contributions shall be deductible in accordance with the rules set forth in Treasury Regulation Section 1.404(a)-3(f) and other applicable provisions of law. In determining how much may be contributed on a deductible basis to the Plan to provide Health Care Plan benefits, the enrolled actuary making the determination may take into account reasonably projected increases in health care costs due to inflation and other factors. Lump sum contributions may be made by the Corporation to satisfy past service costs or experience losses of the Health Care Plan, without the need for amortization, with respect to both Participants in the money purchase pension component of the Plan and Retired Participants. Contributions to the Health Care Fund for a

SECTION 401(h) ARRANGEMENT

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fiscal year of the Corporation which are made before the due date, including extensions, for its federal income tax return for that fiscal year (i.e., within  
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the Code Section 404(a)(6) period), and which are designated as having been made for that fiscal year, shall be treated as contributed in that fiscal year for all "economic performance" and other accrual rules and shall be deductible for that fiscal year.

SECTION 16.06 - In determining the amount of Corporation

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contributions necessary to fund Health Care Plan benefits for persons described in Section 16.02(a), the enrolled actuary making the determination shall reduce the contributions that would otherwise be required for any period by the full amount (i.e., without amortization) then credited to the Health Care Fund which,  
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during the period in question, has become unneeded for paying such Health Care Plan benefits on account of terminations of employment, deaths and such other events, determined in a reasonable manner selected by the actuary.

SECTION 16.07 - Health Care Plan and Health Care Fund benefits shall

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not constitute a portion of any person's "accrued benefit" and are not, therefore, subject to the vesting requirements of Code Section 411, nor are they subject to protection under Code Section 411(d)(6) from reduction or elimination, nor are they protected by corresponding provisions of ERISA. The Corporation expressly

SECTION 401(h) ARRANGEMENT

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reserves the right to change, reduce or eliminate the benefits provided under the Health Care Plan or the Health Care Fund at any time and in any fashion, and, therefore, no person may rely on the future continuation of Health Care Plan or Health Care Fund benefits. Whether or not the Corporation formally eliminates or reduces Health Care Plan or Health Care Fund benefits, such benefits described in Section 16.02(b) shall be provided only to the extent they can be paid from assets then credited to the Health Care Fund and participant contributions, and the Corporation shall have no obligation before or after the date in Section 16.02(b) to contribute amounts to fund such benefits or to pay for such benefits directly, although it may, in its sole discretion and without obligation, elect to fund such benefits or pay them directly in whole or in part. The terms of this Section 16.07 supersede any inconsistent provisions of the Plan, the Health Care Plan or any other existing document.

SECTION 16.08 - If the Health Care Fund in its entirety is ever

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terminated (even though the Plan continues in existence) or if the Plan in its entirety is ever terminated, after the payment of or provision for all medical benefits promised under the Health Care Plan for expenses incurred by Retired Participants and their spouses and dependents prior to such termination (for which the



SECTION 401(h) ARRANGEMENT  
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Health Care Fund is obligated under Section 16.02(b)), any surplus remaining in the Health Care Fund shall be returned to Lockheed Corporation, as required by Code Section 401(h).

SECTION 16.09 - Benefits under the Health Care Plan which are paid  
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for by the Health Care Fund shall not discriminate in favor of persons who are highly compensated employees, determined under Section 414(q) of the Code, or their spouses or dependents, and contributions shall not be made to the Health Care Fund to pay for benefits which would discriminate in that fashion. However, the Health Care Plan itself may provide discriminatory benefits so long as such benefits are not paid for by the Health Care Fund (and, to the extent (if any) necessary to preserve the qualified status of this Plan, any such discriminatory benefits shall be treated as having been provided under a separate plan which is not part of the Health Care Plan). Discrimination shall be tested separately with respect to the retirement and health care benefits provided under the Plan.

SECTION 16.10 - Separate Participant accounts normally shall not be  
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maintained within the Health Care Fund. However, one or more separate accounts shall be maintained on the accounting records of the Health Care Fund to the extent that separate health care accounts within the Health Care Fund must be maintained with respect to Participants or Retired Participants pursuant to Code

SECTION 401(h) ARRANGEMENT

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Section 401(h) or other applicable provisions of law. Health Care Plan benefits funded under the Plan with respect to the Participants or Retired Participants (or their spouses or dependents) for whom such accounts are maintained shall only be payable from such accounts. The Committee may withdraw funds from such separate accounts for any other Health Care Plan purpose. Amounts credited to such accounts shall be subject to the defined contribution plan annual addition limits of Code Section 415 in accordance with Section 415(l). As of December 31, 1990, separate accounts are only required for "key employees" (within the meaning of Code Section 416(i)). The provisions of this Section shall not preclude the Corporation from directly paying for the Health Care Plan benefits of Participants or Retired Participants for whom separate accounts are required (or their spouses or dependents) in whole or in part (although the Corporation shall have no obligation to do so), in which case the Health Care Fund shall not pay for benefits which the Corporation pays for directly.

SECTION 16.11 - This Section 16 may only be amended in accordance

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with the amendment provisions of the Plan, except that the Salary Board may amend Section 16 to shift the Corporation's responsibility for paying for Health Care Plan benefits and related administrative costs among the Corporation, the Health Care Fund or any other entity,

SECTION 401(h) ARRANGEMENT

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such as a trust established under Code Section 501(c)(9), in any manner which it may deem appropriate, and the Salary Board may amend this Section 16 and the Exhibit hereto to reflect changes in the form, nature or identity of the Health Care Plan or to revoke this Section 16 or to terminate the Health Care Fund.

SECTION 16.12 - Although the Health Care Plan and the Plan shall be

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administered in accordance with their respective terms, Section 16 shall supersede any previously adopted inconsistent provisions of the Health Care Plan and the Plan with respect to the funding or provision of Health Care Plan benefits. In addition, Section 16.07 shall apply to the Health Care Plan for all purposes. Subject to the foregoing, all other provisions of the Health Care Plan and the Plan shall continue to apply and shall also apply with respect to Section 16.

SECTION 16.13 - Capitalized terms used in Section 16 which are not

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defined in Section 1 shall have the meanings set forth below:

(a) Health Care Fund -- The fund established under Section 16.03 or,

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if more than one Health Care Fund is established, each Health Care Fund or all such Funds collectively, as may be appropriate in the context.

SECTION 401(h) ARRANGEMENT

(b) Health Care Plan -- Any Plan listed in the Exhibit to Section 16

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or all such Plans collectively, as may be appropriate in the context. Each Health Care Plan has been incorporated into Section 16 by reference.

(c) Health Care Plan Cost -- The amount contributed to the Health Care

-----  
Fund since its inception, December 31, 1990.

(d) Life Insurance Cost -- The amount applied under the Plan to

-----  
provide life insurance protection since the inception of the Health Care Fund, December 31, 1990. As of December 31, 1990, the Plan was not providing any life insurance protection.

(e) Pension Cost -- The amount contributed to the money purchase

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pension component of the Plan since the inception of the Health Care Fund December 31, 1990, including both contributions which are used to pay interest or principal on an Acquisition Loan under Section 4A.03(a), and any other contributions under Section 4.01(c).

(f) Retired Participant -- A Participant in the money purchase pension

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component of the Plan (or a person who was eligible but did not become such a Participant solely because the individual did not make contributions required by the Plan or did not meet the

SECTION 401(h) ARRANGEMENT

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one year eligibility requirement of the Plan) who has become eligible for benefits under the Health Care Plan.

(g) Salary Board -- The Salary Board of Lockheed Corporation, or any  
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successor to the Salary Board.

SECTION 17

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EMPLOYEES OF LOCKHEED AEROMOD CENTER, INC.

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SECTION 17.01 - This Section 17 applies only to Employees of Lockheed

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Aeromod Center, Inc. (LACI) and for purposes of this Section 17, "Corporation" means LACI. This Section 17 applies notwithstanding any provisions of the Plan to the contrary and any provision of the Plan not superseded or modified by this Section 17 is fully applicable to Employees of LACI.

SECTION 17.02 - Eligibility for Participation.

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(a) Employees on January 1, 1989. An employee with Ninety Days of

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Service prior to January 1, 1989 is eligible to become a Participant at the beginning of the payroll period coincident with or next following January 1, 1989.

(b) Eligibility Rule for New Employee. An employee not eligible to

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become a Participant pursuant to Section 17.02(a) is eligible to become a Participant at the beginning of the payroll period coincident with or next following the completion of Ninety Days of Service.

(c) Eligibility Rule for Rehired Eligible Employee or Participant. An

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Employee who Terminates his Employment after completing Ninety Days of Service or becoming a Participant shall be eligible to

participate in the Plan at the beginning of the payroll period coincident with or next following his date of rehire.

(d) Eligibility Rule for Non-Eligible Employees Rehired Before a Break  
-----

in Service. An Employee who Terminates his Employment before completing  
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Ninety Days of Service and who is reemployed by the Corporation before incurring a Break in Service shall retain his prior Hours of Service and shall be eligible to become a Participant upon completion of Ninety Days of Service. Such an Employee's Ninety Days of Service and Breaks in Service shall continue to be calculated with reference to successive ninety day periods commencing on the date the Employee is first entitled to be credited with an Hour of Service following his original date of employment.

(e) General Eligibility Rule for Non-Eligible Employees Hired After a  
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Break in Service. An Employee who Terminates his Employment before  
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completing Ninety Days of Service and who incurs a Break in Service must complete Ninety Days of Service after reemployment with the Corporation as though he had not previously been an Employee. Such an Employee's Ninety Days of Service and Breaks in Service subsequent to his reemployment shall be calculated with reference to successive ninety

-----  
day periods commencing on the date the Employee is first entitled to be credited with an Hour of Service following his reemployment.

(f) Special Eligibility Rules for Non-Eligible Employee Rehired After  
-----  
a Break in Service. Notwithstanding the provisions of subsection (e)

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above, in determining whether a rehired Employee who Terminates his Employment and incurs a Break in Service before completing Ninety Days of Service is eligible to become a Participant after his reemployment, the following special rules should be applied:

(1) An Employee who has been rehired by the Corporation subsequent to a Break in Service and has his Service Time reinstated or restored to a prior date of hire or rehire by the Corporation and is credited with ninety days or more of unbroken Service Time as a result of such reinstatement or restoration is eligible to become a Participant at the beginning of the payroll period coincident with or next following his date of rehire.

(2) An Employee who was not previously eligible to become a Participant and has been rehired by the Corporation subsequent to a Break in Service and has his Service Time reinstated or



restored to a prior date of hire or rehire by the Corporation is eligible to become a Participant at the beginning of the payroll period coincident with or next following the completion of ninety days of unbroken Service Time, including credit for prior Service Time as a result of such reinstatement or restoration, or upon the completion of Ninety Days of Service, whichever is the first to occur.

(g) "Ninety Days of Service" shall mean the completion of 250 Hours of  
-----

Service over a period of ninety consecutive days. Ninety Days of Service shall be computed with reference to successive ninety day periods commencing with the Employee's date of hire by the Corporation or his rehire by the Corporation subsequent to a Break in Service. In no event shall an Employee be credited with Ninety Days of Service during any period of ninety consecutive days prior to the expiration of ninety days after the commencement of his employment by the Corporation or reemployment by the Corporation subsequent to a Break in Service.

SECTION 17.03 - Percentage. The weekly "percentage" which may be  
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specified under Section 3.01(a)(1) and deducted under Section 3.02 shall be either two percent (2%), or four percent (4%), or six percent (6%), or eight

percent (8%) of his Weekly Rate of Compensation, as specified by the Participant subject to the provisions of Sections 3.08, 3.09 and 3.10.

SECTION 17.04 - Corporation Matching Contributions.  
-----

(a) Basic Corporation Matching Contributions. At the time the  
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Participant's Elective Deferral amounts are paid to the Trustee, the Corporation will contribute to the Trustee out of its current or accumulated earnings and profits an amount equal to twenty-five percent (25%) of the Elective Deferral amount specified by Participants during the Month immediately preceding the date of such matching contribution by the Corporation. The twenty-five percent (25%) "Basic Corporation Matching Contribution" made under this Section 17.04(a) shall be limited to Elective Deferral amounts up to four percent (4%) of the Participant's Weekly Rate of Compensation. Elective Deferral amounts over four percent (4%) of the Participant's Weekly Rate of Compensation shall not be subject to the twenty-five percent (25%) Basic Corporation Matching Contributions.

(b) Additional Corporation Matching Contributions. On the final  
-----

Thursday of the February following the end of the Plan Year, the Corporation

will, by measuring Operating Income as a Percent of Sales for its prior fiscal year, determine whether its productivity, cost reduction and performance for the prior fiscal year have been sufficient to warrant an "Additional Corporate Matching Contribution." If Operating Income as a Percent of Sales for the prior fiscal year is determined to equal or exceed 2.00%, the Corporation will, on or before the last day of the First Quarter, contribute to the Trustee out of its current or accumulated earnings and profits an Additional Corporation Matching Contribution.

(1) If the Corporation's Operating Income as a Percent of Sales is at least 2.00% but less than 5.00%, the Corporation shall make an additional contribution in an amount equal to twenty-five percent (25%) of the Elective Deferral amounts specified by Participants during the prior Plan Year.

(2) If the Corporation's Operating Income as a Percent of Sales is at least 5.00% but less than 8.00%, the Corporation shall make an additional contribution in an amount equal to fifty percent (50%) of the Elective Deferral amounts specified by Participants during the prior Plan Year.

(3) If the Corporation's Operating Income as a Percent of Sales is equal to or exceeds 8.00%, the Corporation shall make an additional contribution in an amount equal to seventy-five percent (75%) of the Elective Deferral amounts specified by Participants during the prior Plan Year.

(4) The Additional Corporation Matching Contribution made under this Section 17.04(b) shall be limited to Elective Deferral amounts up to four percent (4%) of the Participant's Weekly Rate of Compensation. Elective Deferral Amounts over four percent (4%) of the Participant's Weekly Rate of Compensation shall not be subject to the Additional Corporation Matching Contributions.

(5) An Additional Corporation Matching Contribution will be made only in regard to an individual who was a Participant at any time during the prior Plan Year and who

(i) is an Employee of the Corporation on the final Thursday of the February following the end of such prior Plan Year or

(ii) has had a Termination of Employment for any of the reasons specified in Section 8.01 prior to the final Thursday of the

February following the end of such prior Plan Year.

(6) Operating Income as a Percent of Sales will be determined by dividing the Corporation's Operating Income for the prior fiscal year by the Corporation's Total Sales for the prior fiscal year. "Total Sales" and "Operating Income" will be amounts reported by the Corporation which are included as part of the consolidated financial statements appearing in the Lockheed Corporation Annual Report, recognizing that for such Annual Report the "Operating Income" reported by the Corporation is retitled "Program Profit." Notwithstanding that the consolidated Lockheed financial statements are subject to independent audit, the calculation of the Corporation's Operating Income as a Percent of Sales shall also be subject to review by Lockheed Corporation internal auditors or by an independent accounting firm.

SECTION 17.05 - Participant's Account.  
-----

(a) There shall be maintained for each Participant a separate Participant's Account which shall show in dollars the contributions made by the Participant and a separate Participant's Account which

shall show in dollars the corresponding contribution made by the Corporation under the Plan as in effect prior to December 26, 1983, and the Elective Deferral amounts specified by the Participant and the corresponding Corporation Matching Contributions made as provided in Section 17.04 (consisting of the Corporation's Matching cash Contributions and forfeitures utilized as provided in Section 4.03) and, in terms of Units, shall show the portion of such Participant's Account in the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund and/or the STIF Fund, as the case may be.

(b) As of the Valuation Date of each Month each Participant's Account shall be credited for such Month with the number of Units equivalent to the Unit value (calculated as provided in Section 6.01) of:

(1) the total dollar amount of weekly Elective Deferrals specified by such Participant during such Month, and

(2) The twenty-five percent (25%) Basic Corporation Matching Contributions with respect to such Month as provided in Section 17.04(a). Such units shall be allocated to the Bond Fund, the Lockheed Martin Stock Fund, the Securities

Fund and/or the STIF Fund pursuant to the provisions of Sections 3.05 and 4.02.

(c) On or before the last day of the First Quarter, the account of each individual meeting the requirements of Section 17.04(b)(5) will be credited with the number of Units equivalent to the Unit value (calculated as provided in Sections 6.01) of the Additional Matching Contribution as provided in Section 17.04(b). Such units shall be allocated to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund and/or the STIF Fund pursuant to the provisions of Sections 3.01(a)(2), 3.05 and 4.02.

SECTION 17.06 - Notwithstanding any other provision of this Plan to  
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the contrary, the ESOP Feature (including Section 4A) shall not apply to any Employee of LACI and no part of the Participant's Account of any Employee of LACI shall be maintained in the ESOP Fund. Notwithstanding any other provision of this Plan to the contrary, the money purchase pension component of this Plan and Section 16 shall not apply to any Employee of LACI and no part of the Participant's Account of any Employee of LACI shall be maintained in the money purchase component of the Plan.

SECTION 18

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EFFECTIVE DATE OF AMENDMENT

-----

AND

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RESTATEMENT OF THE PLAN

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SECTION 18.01 - This amendment and restatement of the Plan shall

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become effective March 1, 1995 or at such other dates as otherwise provided herein, subject to the receipt of a ruling satisfactory to the Board of Directors that the Plan and Trust Agreements, as amended and restated, qualify under applicable provisions of the United States Internal Revenue Code.



EXHIBIT  
to  
SECTION 16

The following medical plans collectively constitute the "Health Care Plan" referred to in Section 16:

| Company/Location<br>----- | HMO<br>---                   | HMO Plan<br>Number<br>----- | ERM(1)<br>----- | Medicare Supp. (2)<br>----- |
|---------------------------|------------------------------|-----------------------------|-----------------|-----------------------------|
| LMSC                      | Kaiser, No. California       | 507                         | Yes             | Yes                         |
|                           | Kitsap                       | 522                         |                 |                             |
|                           | Kaiser, Mid-Atlantic         | 528                         |                 |                             |
|                           | Lifeguard                    | 532                         |                 |                             |
|                           | Takecare                     | 530                         |                 |                             |
|                           | Bay Pacific                  | 531                         |                 |                             |
|                           | Family Health Plan           | 510                         |                 |                             |
|                           | Aetna Choice                 | 536                         |                 |                             |
|                           | Prucare of Austin            | 543                         |                 |                             |
|                           | Virginia Mason               | 581                         |                 |                             |
|                           | Prucare of Houston           | 556                         |                 |                             |
|                           | PCA Health Plans of Texas    | 544                         |                 |                             |
|                           | HMO CO., Denver              | 558                         |                 |                             |
|                           | Group Health Cooperative     | 587                         |                 |                             |
|                           | Maxicare                     | 534                         |                 |                             |
|                           | Health Net                   | 533                         |                 |                             |
|                           | Travelers, Austin            | 564                         |                 |                             |
|                           | Kaiser, Denver               | 509                         |                 |                             |
|                           | Kaiser, So. California       | 506                         |                 |                             |
|                           | AvMed                        | 585                         |                 |                             |
|                           | Health Source                | 589                         |                 |                             |
|                           | Columbia-Freestate H.P. Inc. | 594                         |                 |                             |

| Company/Location<br>-----  | HMO<br>---                        | HMO Plan<br>Number<br>----- | ERM(1)<br>----- | Medicare Supp. (2)<br>----- |
|----------------------------|-----------------------------------|-----------------------------|-----------------|-----------------------------|
| LASC-Burbank               | Kaiser, So. California            | 506                         | Yes             | Yes                         |
|                            | Kaiser, No. California            | 507                         |                 |                             |
|                            | Kaiser, Mid-Atlantic              | 528                         |                 |                             |
|                            | Health Net                        | 533                         |                 |                             |
|                            | Maxicare, So. California          | 534                         |                 |                             |
|                            | Maxicare, No. California          | 534                         |                 |                             |
|                            | Lifeguard                         | 532                         |                 |                             |
|                            | The Health Plan of America        | 593                         |                 |                             |
| CORLAC                     | Kaiser, So. California            | 506                         | Yes             | Yes                         |
|                            | Kaiser, No. California            | 507                         |                 |                             |
|                            | Kaiser, Mid-Atlantic              | 528                         |                 |                             |
|                            | Health Net                        | 533                         |                 |                             |
|                            | Maxicare, So. California          | 534                         |                 |                             |
|                            | Maxicare, No. California          | 534                         |                 |                             |
|                            | Prucare of Houston                | 556                         |                 |                             |
|                            | PCA Health Plans of Texas<br>Inc. | 544                         |                 |                             |
|                            | Takecare                          | 530                         |                 |                             |
|                            | Healthways                        | 542                         |                 |                             |
|                            | Ameriplan                         | 547                         |                 |                             |
|                            | Prucare of Atlanta                | 548                         |                 |                             |
|                            | Health First                      | 566                         |                 |                             |
|                            | Partners H.P. of Georgia          | 584                         |                 |                             |
|                            | Bay Pacific                       | 531                         |                 |                             |
| Lifeguard                  | 532                               |                             |                 |                             |
| The Health Plan of America | 593                               |                             |                 |                             |

| Company/Location<br>----- | HMO<br>---                | HMO Plan<br>Number<br>----- | ERM(1)<br>----- | Medicare Supp. (2)<br>----- |
|---------------------------|---------------------------|-----------------------------|-----------------|-----------------------------|
| LASC-Georgia              | Health First              | 566                         | Yes             | Yes                         |
|                           | Kaiser of Georgia         | 576                         |                 |                             |
|                           | Partners H.P. of Georgia  | 584                         |                 |                             |
|                           | Prucare of Atlanta        | 548                         |                 |                             |
|                           | Healthsource              | 589                         |                 |                             |
| LAUS                      | N/A                       |                             | Yes             | Yes                         |
| LILT                      | N/A                       |                             | Yes             | Yes                         |
| LAAL                      | N/A                       |                             | Yes             | Yes                         |
| LESC                      | Cigna Health Plan         | 552                         | Yes             | Yes                         |
|                           | Group Health Association  | 570                         |                 |                             |
|                           | Health Plan of Nevada     | 557                         |                 |                             |
|                           | Health Plus               | 545                         |                 |                             |
|                           | Kaiser, No. California    | 507                         |                 |                             |
|                           | Kaiser, Mid-Atlantic      | 528                         |                 |                             |
|                           | Maxicare, No. California  | 534                         |                 |                             |
|                           | Prucare of Austin         | 543                         |                 |                             |
|                           | Prucare of Texas          | 556                         |                 |                             |
|                           | Sanus                     | 538                         |                 |                             |
|                           | Takecare                  | 530                         |                 |                             |
|                           | PCA Health Plans of Texas | 544                         |                 |                             |
|                           | Travelers Health Network  | 564                         |                 |                             |
|                           | Kaiser, So. California    | 506                         |                 |                             |
|                           | Aetna Choice              | 536                         |                 |                             |
|                           | Sentara Health Plan       | 592                         |                 |                             |

| Company/Location<br>----- | HMO<br>---  | HMO Plan<br>Number<br>-----            | ERM(1)<br>----- | Medicare Supp. (2)<br>----- |
|---------------------------|---|--|-----------------|-----------------------------|
| LFC                       | Kaiser, So. California<br>Health Net<br>Maxicare, So. California  | 506<br>533<br>534                      | Yes             | Yes                         |
| LWEC                      | Kaiser, So. California<br>Health Net<br>Maxicare, So. California<br>Maxicare, No. California<br>Lifeguard<br>Kaiser, No. California | 506<br>533<br>534<br>534<br>532<br>507 | Yes             | Yes                         |
| LAS                       | Kaiser, So. CA (Ontario)<br>Health Net<br>Maxicare<br>Partners<br>The Health Plan of America  | 511<br>533<br>534<br>551<br>593        | Yes             | Yes                         |
| LASI                      | N/A   |  | Yes             | Yes                         |

| Company/Location<br>----- | HMO<br>---   | HMO Plan<br>Number<br>-----  | ERM(1)<br>----- | Medicare Supp. (2)<br>----- |
|---------------------------|--|--|-----------------|-----------------------------|
| LIMSCO                    |  |  | No              | No                          |
| SANDERS                   | Health Source<br>Matthew Thornton<br>Harvard Community H.P.  |  | (3)             | (3)                         |
| LAT                       | Hawaii Med. Svcs. Assoc.<br>Blue Cross Plan<br>Prucare Plus<br>Guam Memorial Health Plan<br>MedBen<br>Physicians Health Plan<br>Share Health Plan<br>Takecare<br>Kaiser, Georgia<br>Kaiser, No. California<br>Kaiser, So. California<br>Kaiser, Hawaii | 519<br>818<br>583<br>586<br>571<br>572<br>574<br>530<br>831<br>507<br>506<br>513 | Yes             | Yes                         |
| LAT-NY                    | Empire Blue Cross Blue<br>Shield Healthnet HMO<br>Healthshield<br>U.S. Healthcare<br>Blue Cross Blue Shield<br>Wraparound  | 580<br>579<br>582<br>561   | Yes             | Yes                         |
| LEC                       | Rutgers<br>Foundation Health Plan<br>U.S. Healthcare<br>AvMed<br>CoMed   | 527<br>529<br>559<br>554<br>535  | Yes             | Yes                         |

| Company/Location<br>----- | HMO<br>---                    | HMO Plan<br>Number<br>----- | ERM(1)<br>----- | Medicare Supp. (2)<br>----- |
|---------------------------|-------------------------------|-----------------------------|-----------------|-----------------------------|
|                           | Kaiser, Georgia<br>Healthways | 576<br>542                  |                 |                             |
| LGIS                      | N/A                           |                             | Yes             | Yes                         |
| LIGmbH                    | N/A                           |                             | Yes             | Yes                         |
| LCISA                     | N/A                           |                             | Yes             | Yes                         |
| LKAR                      | N/A                           |                             | Yes             | Yes                         |
| LSOC                      | N/A                           |                             | Yes             | Yes                         |
| LASS                      | N/A                           |                             | Yes             | Yes                         |
| LTOC                      | Bay Pacific                   | 531                         | Yes             | Yes                         |
|                           | HMO CO. - Colorado Springs    | 558                         |                 |                             |
|                           | HMO CO. - Denver              | 558                         |                 |                             |
|                           | Kaiser, No. California        | 507                         |                 |                             |
|                           | Lifeguard                     | 532                         |                 |                             |
|                           | Maxicare, No. California      | 534                         |                 |                             |
|                           | Takecare                      | 530                         |                 |                             |
|                           | Health Net                    | 533                         |                 |                             |
|                           | Peak Health Plan              | 595                         |                 |                             |
| LCHI                      | N/A                           |                             | Yes             | Yes                         |
| MURDOCK                   | Kaiser/Texas Health Plan      | 546                         | Yes             | Yes                         |
|                           | Sanus Texas Health Plan       | 538                         |                 |                             |
|                           | Cigna Health Network          | 537                         |                 |                             |

| Company/Location<br>----- | HMO<br>---            | HMO Plan<br>Number<br>----- | ERM(1)<br>----- | Medicare Supp. (2)<br>----- |
|---------------------------|-----------------------|-----------------------------|-----------------|-----------------------------|
|                           | Cigna Health Plan     | 552                         |                 |                             |
|                           | Maxicare of No. Texas | 555                         |                 |                             |
| AEROPARTS<br>LCAN         | N/A                   |                             | Yes             | Yes                         |

(1) Lockheed Medical Benefit Plan - Early Retiree Plan (Plan 523)

(2) Lockheed Medical Benefit Plan - Retired Employees and Spouse Medicare Supplement (Plan 523)

(3) (Sanders Indemnity Plan)

LOCKHEED HOURLY EMPLOYEE  
SAVINGS PLAN PLUS

(As Amended and Restated Effective March 1, 1995)



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DESIGNATION OF PLAN

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The Lockheed Hourly Employee Savings Plan Plus is hereby amended and restated, effective March 1, 1995, such amendment and restatement to be applicable only with respect to those particular groups of Employees described in Section 15.02(a). With respect to all other groups of employees included in the Lockheed Hourly Employee Savings Plan Plus, the provisions of the Plan shall continue unchanged and unaffected by this amendment and restatement.

The Lockheed Hourly Employee Savings Plan Plus as amended and restated effective March 1, 1995 and operative as of the earliest ESOP Starting Date specified in any Supplement hereto, consists of two portions. The first portion is a profit sharing plan under Section 401(a) of the Code, which includes a qualified cash or deferred arrangement as defined in Section 401(k) of the Code. The second portion is an ESOP Feature, which is both a stock bonus plan and an employee stock ownership plan intended to qualify under Sections 401(a) and 4975(e)(7) of the Code, and as such is designed to invest primarily in Stock. All contributions by the Corporation to the Plan may be made without regard to the current or accumulated profits of the Corporation or any of its subsidiaries or affiliates.

SECTION 1

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DEFINITIONS  
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SECTION 1.01 - "After-Tax Contributions" shall mean any after-tax

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contributions a Participant made to the Plan prior to December 26, 1983.

SECTION 1.02 - "Board of Directors" shall mean the Board of Directors

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of Lockheed Corporation.

SECTION 1.03 - "Bond Fund" shall mean the fund in which the Trustee

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shall invest exclusively in obligations, including notes, issued or fully guaranteed by the United States of America and in savings bank deposits to the extent such deposits are guaranteed by an agency of the United States.

SECTION 1.04 - "Break in Service" shall mean a Termination of

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Employment followed by the failure to complete 500 Hours of Service. A Break in Service shall be computed with reference to the twelve consecutive month period beginning on the date (and anniversaries thereof) an Employee is first entitled to be credited with an Hour of Service after his date of hire (or rehire after a Break in Service) by the Corporation. If an Employee is absent from work because of such individual's pregnancy, the birth of a child, placement of an adopted child or caring for an adopted or natural child following birth or placement, the individual shall not be treated as having incurred a Break in Service in the Plan Year in which the absence begins, or in the Plan Year in which the absence ends, if the individual

DEFINITIONS

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would not otherwise have suffered a Break in Service during that Plan Year. No such credit shall be given unless a Participant submits a written request by Filing With The Committee which establishes valid reasons for the absence, as determined by the Committee. Except to the extent that a maternity or paternity absence constitutes an authorized leave of absence from the Corporation under applicable personnel policies, an Employee who is absent from work for reasons of maternity or paternity shall be deemed to have terminated employment for all purposes of this Plan other than the special rules in this Section.

SECTION 1.05 - "Code" shall mean the Internal Revenue Code of 1986, as  
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now in effect or as hereafter amended.

SECTION 1.06 - "Committee" shall mean the Committee referred to in  
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Section 11.01.

SECTION 1.07 - "Corporation" shall mean Lockheed Corporation and any  
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subsidiary or affiliate thereof, if, and to the extent that, the Board of Directors shall by resolution so provide.

SECTION 1.08 - "Elective Deferral" shall mean that amount specified  
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under Section 3.01(a) to be contributed by the Corporation to the Participant's Account in lieu of paying such amount to the Participant in cash. The Elective Deferral amount shall constitute contributions to the Plan by the Corporation.

SECTION 1.09 - "Eligible Employee" shall mean an Employee who is  
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eligible to participate in the Plan under Section 2.02 or Section 2.03.

DEFINITIONS

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SECTION 1.10 - "Employee" shall mean any person employed by the

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Corporation and paid on a hourly basis for employment in the United States, or elsewhere if a citizen of the United States, provided that such person is a member of a group of employees to which the Plan is extended (1) by the Board of Directors or, as to hourly paid employees of a wholly-owned subsidiary of Lockheed Corporation, by the Board of Directors of such subsidiary, by adding or amending a Supplement hereto (as provided in Section 3.02) covering such employees or (2) by a collective bargaining agreement between the Corporation and a collective bargaining agent which provides that the hourly employees covered by such agreement shall be covered by the Plan. For purposes of calculating Breaks in Service, Hours of Service, Service Time, Termination of Employment and Years of Service, "Employee" shall mean any person employed by the Corporation or by a member of the controlled group of corporations, group of trades or businesses under common control or affiliated service group (within the meaning of Internal Revenue Code Section 414(b), (c) or (m)) of which the Corporation is also a member at that time. A person rendering services to a Corporation purportedly as an independent contractor shall not be treated as an Employee before the Corporation has acknowledged that it must withhold federal income taxes from his pay. To the extent required by Internal Revenue Code Section 414(n) or 414(o), a "leased" worker or other non-employee shall be treated as an Employee but shall not be eligible to participate in this Plan.



DEFINITIONS

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SECTION 1.11 - "ERISA" shall mean the Employee Retirement Income  
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Security Act of 1974, as now in effect or as hereafter amended.

SECTION 1.12 - "ESOP Contributions" shall mean the contributions  
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described in Section 4A.01.

SECTION 1.13 - "ESOP Ending Date" shall mean as to a particular group  
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of Employees described in a Supplement hereto, the beginning of the first  
payroll period in the Month specified by such Supplement, provided however that  
an ESOP Ending Date may occur only in Lockheed Corporation's January, April,  
July, or October Month.

SECTION 1.14 - "ESOP Feature" shall mean that portion of the Plan  
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consisting of an employee stock ownership plan as defined in Code Section  
4975(e)(7).

SECTION 1.15 - "ESOP Fund" shall mean that portion of the Plan which  
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consists of Stock, and any income thereon. The ESOP Fund shall include any  
Stock in the Plan which was held in the Lockheed Martin Stock Fund prior to the  
ESOP Starting Date.

SECTION 1.16 - "ESOP Match Stock" shall mean all Stock in the Plan  
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attributable to Corporation contributions made under Section 4A.01.

SECTION 1.17 - "ESOP Starting Date" shall mean as to a particular  
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group of Employees described in a Supplement hereto, the beginning of the first  
payroll period in the Month specified by such Supplement, provided however that  
an ESOP Starting Date

DEFINITIONS

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may occur only in Lockheed Corporation's January, April, July, or October Month.

SECTION 1.18 - "ESOP Trustee" shall mean the Trustee of the ESOP Fund.

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SECTION 1.19 - "Family Member" shall mean the spouse, lineal

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ascendants and descendants of the Employee or former Employee and the spouses of such lineal ascendants and descendants. In determining whether an individual is a Family Member with respect to an Employee or former Employee, legal adoptions shall be taken into account."

SECTION 1.20 - "Filing With The Committee" shall mean the delivery of

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the document in question in such form, in such manner, to such person, and within such time limits as the Committee shall designate.

SECTION 1.21 - "Highly Compensated Employee" shall mean:

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(a) Any Employee who performs services for the Corporation during the "determination year" and who, during the "look-back year" (1) was a 5% owner of the Corporation; (2) received compensation from the Corporation in excess of \$75,000 (as adjusted pursuant to Section 415(d) of the Code); (3) received compensation from the Corporation in excess of \$50,000 (as adjusted pursuant to Section 415(d) of the Code) and was a member of the "top-paid group" for such year; or (4) was an officer of the Corporation and received compensation during such

DEFINITIONS

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year that is greater than 50% of the dollar limitation in effect under Section 415(b)(1)(A) of the Code;

(b) Any Employee who performs services for the Corporation during the determination year and who, with respect to the determination year, is either described in (a)(1) above or is both one of the 100 Employees who received the most compensation from the Corporation during the determination year and is described in (a)(2), (a)(3) or (a)(4) where these paragraphs are modified to substitute the determination year for the look-back year; or

(c) Any Employee who separated from service (or was deemed to have separated) prior to the determination year, performs no services for the Corporation during the determination year, and met the description in (a) or (b) above for either the separation year or any determination year ending on or after the Employee's 55th birthday.

(d) If an Employee is, during a determination year or look-back year, a Family Member of either a 5% owner who is an Employee or of a Highly Compensated Employee in the group consisting of the 10 most highly compensated Employees ranked on the basis of compensation paid by the Corporation during the determination year or the look-back year, then the Family Member and 5% owner or top-ten Highly Compensated Employee shall be treated as a single Employee, and their compensation and contributions or benefits under this Plan shall be aggregated.

DEFINITIONS

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(e) The "determination year" shall be the Plan Year for which compliance is being tested, and the "look-back year" shall be the 12-month period immediately preceding the determination year.

(f) The top-paid group for a determination year or a look-back year shall consist of the top 20% of Employees ranked on the basis of compensation received during the year excluding Employees described in Section 414(q)(8) of the Code and Treasury Regulations thereunder. The number of Employees treated as officers shall be limited to 50 (or, if less, the greater of 3 Employees or 10% of the Employees). For purposes of this definition of "Highly Compensated Employee," "compensation" means compensation within the meaning of Section 415(c)(3) of the Code, but includes elective or salary reduction contributions to a cafeteria plan, cash or deferred arrangement or tax-sheltered annuity.

SECTION 1.22 - "Hour of Service" means all hours credited to an  
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Employee pursuant to the following subsections (a), (b), and (c):

(a) "Hour of Service" includes each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the employer during the applicable computation period.

(b) "Hour of Service" also includes each hour for which an Employee is paid, or entitled to payment, by the employer on account of a period of time during which no

DEFINITIONS

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duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, sick leave, jury duty, military reserve training leave, or other paid time off, provided that no more than 501 hours shall be credited under this subsection (b) to an Employee on account of any single continuous period during which the Employee performs no duties; and provided further that no hours shall be credited under this subsection (b) on account of payments made or due under a plan maintained solely to comply with applicable worker's compensation, unemployment compensation or disability insurance laws or on account of payments made solely to reimburse an Employee for medical or medically related expenses.

(c) "Hour of Service" shall also include each hour for which back pay, irrespective of mitigation of damages, is awarded or agreed to by the employer, provided that no hour for which an Employee was given credit pursuant to subsection (a) or (b) of this section shall also be credited to such Employee under the terms of this subsection (c).

All Hours of Service shall be calculated in a manner consistent with the terms of 29 Code of Federal Regulations Section 2530-200b-2.

SECTION 1.23 - "Lockheed Martin Stock Fund" shall mean the fund which

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the Trustee shall invest exclusively in Stock, but excluding all Stock held under the ESOP Feature after the ESOP Starting Date:

DEFINITIONS

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(a) Stock of the Lockheed Martin Stock Fund will be purchased and sold by the Trustee on the open market, with commission expenses charged to the Lockheed Martin Stock Fund. The Trustee will purchase and retain such Stock regardless of market fluctuations, and, in the normal course, shall sell such Stock only as necessary to meet administrative and distribution requirements. Cash balances held in the Lockheed Martin Stock Fund shall be limited to such administrative needs.

(b) The Trustee will have the right to vote the Stock held in the Lockheed Martin Stock Fund, and the right to determine whether such Stock shall be tendered in the event of a public offer for any Stock. Notwithstanding (a) above, during the period of any public offer for Stock, the Trustee shall refrain from making additional purchases of Stock for the Lockheed Martin Stock Fund.

SECTION 1.24 - "Month" shall mean Lockheed Corporation's fiscal  
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accounting month.

SECTION 1.25 - "Participant" shall mean an Employee who has become a  
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Participant in the Plan in the manner described in Section 3.01, or an Employee who was a Participant in the Plan on December 26, 1983.

SECTION 1.26 - "Plan" shall mean this Lockheed Hourly Employee Savings  
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Plan Plus which is a continuation of the Lockheed Hourly Employee Savings Plan. Effective with the earliest ESOP Starting Date specified in any Supplement hereto,

DEFINITIONS

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"Plan" shall mean the Lockheed Hourly Employee Saving Plan Plus, which combines a profit sharing plan under Section 401(a) of the Code and a stock bonus and employee stock ownership plan under Sections 401(a) and 4975(e)(7) of the Code and which is intended to qualify under such Sections and to constitute a single plan under Treasury Regulation Section 1.414(l)-1(b)(1).

SECTION 1.27 - "Plan Year" shall mean Lockheed Corporation's fiscal  
-----  
accounting year.

SECTION 1.28 - "Profit Sharing Trustee" shall mean the Trustee of all  
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assets under the Plan other than the ESOP Fund.

SECTION 1.29 - "Quarter" shall mean any consecutive full three fiscal  
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accounting month period commencing on the first day of Lockheed Corporation's  
January, April, July or October Month.

SECTION 1.30 - "Securities Fund" shall mean the fund in which the  
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Trustee shall invest, stressing both possible appreciation of capital and  
current income and income growth. The Securities Fund shall be invested in  
common and preferred stocks, convertible securities and bonds (except stock and  
securities, and bonds issued or guaranteed by the Corporation, or an affiliate,  
subsidiary, or parent corporation of the Corporation), and other types of  
investments.

SECTION 1.31 - "Service Time", for purposes of the Plan, shall mean  
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that period which begins with an Employee's date of hire or rehire by the  
Corporation and continues from such date of hire or rehire until broken by  
Termination of Employment,

DEFINITIONS

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except that such Termination of Employment shall not break his Service Time (and the period of such Terminated Employment shall be included in the computation of Service Time) when such period of Terminated Employment is:

- (a) for 30 calendar days or less; or
- (b) for more than 30 calendar days when Service Time is reinstated or restored in accordance with policies of the Corporation applied on a nondiscriminatory basis or applicable collective bargaining agreements, if any.

SECTION 1.32 - "Shares" shall mean shares of Stock.

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SECTION 1.33 - "STIF Fund" shall mean the short term investment fund

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in which the Trustee shall invest, stressing preservation of capital, in high quality money market instruments (excluding obligations issued or guaranteed by the Corporation, or any affiliate, subsidiary or parent corporation of the Corporation) including fixed income obligations of the United States of America, financial, industrial or public utility corporations, bankers' acceptances, notes, fully insured savings bank deposits, commercial paper and other similar short term fixed income investments, foreign or domestic, and the Trustee's commingled short term investment fund. Maturities of such instruments shall not exceed thirteen (13) months.

SECTION 1.34 - "Stock" shall mean common stock of Lockheed

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Corporation, or, on and after March 15, 1995, Lockheed Martin Corporation.



DEFINITIONS

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SECTION 1.35 - "Termination of Employment" and "Terminated Employment"

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shall mean the removal of an Employee from active and inactive payroll status of the Corporation as evidenced by the processing of a severance notice, provided that an Employee who transfers to employment by Lockheed Corporation or a subsidiary or affiliate thereof shall not be considered as having Terminated his Employment with the Corporation for purposes of the Plan.

SECTION 1.36 - "Thrift Stock" shall mean all Stock allocated to

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Participants' Accounts attributable to

- (i) Elective Deferral amounts made at any time;
- (ii) After-Tax Contributions made at any time; and
- (iii) Corporation Matching Contributions made prior to the ESOP Starting Date.

SECTION 1.37 - "Trustee" shall mean the Profit Sharing Trustee, the

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ESOP Trustee and any other Trustee referred to in Section 7.01; "Trust Fund" shall mean the Trust Fund or Trust Funds referred to in Section 7.01.

SECTION 1.38 - "Valuation Date" shall mean the last day of the

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calendar month.

SECTION 1.39 - "Weekly Rate of Compensation" shall mean an Eligible

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Employee's hourly rate of pay multiplied by forty (40) hours as recorded on the permanent payroll record for his normal work week without the inclusion of any overtime compensation, shift, field duty, or other bonus or premium payments, expense or living allowance, assignment or relocation

DEFINITIONS

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payments, incentive payments, royalties, severance pay, lump-sum payment of accrued and prorated vacation at time of Termination of Employment, or payments of like nature. An Eligible Employee's Weekly Rate of Compensation shall specifically include the "Elective Deferral" amount referred to in Section 3.01.

Notwithstanding the foregoing, the maximum amount of a Participant's compensation which shall be taken into account under the Plan for any Plan Year ("Maximum Compensation Limitation") shall be \$200,000 adjusted at the same time and in the same manner as under Section 415(d) of the Code. For purposes of the Maximum Compensation Limitation, the compensation of any Participant who is either a 5% owner (as defined in Section 416(i)(1) of the Code), or one of the ten most highly paid Highly Compensated Employees during the Plan Year ("First Participant") shall be aggregated with the compensation of any Participant who has not attained age 19 and is a lineal descendant of the First Participant and any Participant who is the spouse of the First Participant. In any case in which such aggregation would produce compensation in excess of the Maximum Compensation Limitation, the amount of the First Participant's compensation that is considered under the Plan shall be reduced until the Maximum Compensation Limitation is met.

SECTION 1.40 - "Year of Service" shall mean the completion of 1,000

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Hours of Service over a twelve-month period. A Year of Service shall be computed with reference to successive twelve month periods commencing with the Employee's date of hire

DEFINITIONS

- - - - -

by the Corporation or his rehire by the Corporation subsequent to a Break in Service. In no event shall an Employee be credited with one Year of Service during any twelve-month period prior to the expiration of twelve months after the commencement of his employment by the Corporation or reemployment by the Corporation subsequent to a Break in Service.

SECTION 2

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ELIGIBILITY FOR PARTICIPATION  
-----

SECTION 2.01 - Participation in the Plan on the part of an Employee is

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voluntary.

SECTION 2.02

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(a) Eligibility Rule for New Employee. An Employee who has not been

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previously employed by the Corporation is eligible to become a Participant at the beginning of the payroll period coincident with or next following the completion of one Year of Service.

(b) Eligibility Rule for Rehired Eligible Employee or Participant. An

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Employee who Terminates his Employment after completing one Year of Service or becoming a Participant shall be eligible to participate in the Plan at the beginning of the payroll period coincident with or next following his date of rehire.

(c) Eligibility Rule for Non-Eligible Employee Rehired Before a Break

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in Service. An Employee who Terminates his Employment before completing

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one Year of Service and who is reemployed by the Corporation before incurring a Break in Service shall retain his prior Hours of Service and shall be eligible to become a Participant upon completion of one Year of Service. Such an Employee's Year of Service and Breaks in Service shall continue to be calculated with reference to successive twelve-month periods commencing on the date the

ELIGIBILITY FOR PARTICIPATION

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Employee is first entitled to be credited with an Hour of Service following his original date of employment.

(d) General Eligibility Rule for Non-Eligible Employee Rehired After a  
-----  
Break in Service. An Employee who Terminates his Employment before  
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completing one Year of Service and who incurs a Break in Service must complete one Year of Service after reemployment with the Corporation as though he had not previously been an Employee. Such an Employee's Year of Service and Breaks in Service subsequent to his reemployment shall be calculated with reference to successive twelve-month periods commencing on the date the Employee is first entitled to be credited with an Hour of Service following his reemployment.

(e) Special Eligibility Rules for Non-Eligible Employee Rehired After  
-----  
a Break in Service. Notwithstanding the provisions of subsection (d)  
-----  
above, in determining whether a rehired Employee who Terminates his Employment and incurs a Break in Service before completing one Year of Service is eligible to become a Participant after his reemployment, the following special rules should be applied:

(1) An Employee who has been rehired by the Corporation subsequent to a Break in Service and has his Service Time reinstated or restored to a prior date of hire or rehire by the Corporation and is credited with one year or more of unbroken Service Time as a result of such reinstatement or restoration is eligible

ELIGIBILITY FOR PARTICIPATION

-----  
to become a Participant at the beginning of the payroll period coincident with or next following his date of rehire.

(2) An Employee who was not previously eligible to become a Participant and has been rehired by the Corporation subsequent to a Break in Service and has his Service Time reinstated or restored to a prior date of hire or rehire by the Corporation is eligible to become a Participant at the beginning of the payroll period coincident with or next following the completion of one year of unbroken Service Time, including credit for prior Service Time as a result of such reinstatement or restoration, or upon whichever is the first to occur.

SECTION 2.03 - A Participant may not make an Elective Deferral under

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the Plan for any week in which he is not an Employee.

SECTION 3  
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EMPLOYEE PARTICIPATION  
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SECTION 3.01 - An Eligible Employee may become a Participant in the

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Plan by Filing With The Committee documents which shall:

(a) specify the weekly Elective Deferral amount to be deducted from his wages and paid to the Trustee on his behalf;

(b) specify the portion of said weekly Elective Deferral amount which is to be allocated to the Bond Fund, the Lockheed Martin Stock Fund, the ESOP Fund, the Securities Fund and/or the STIF Fund;

(c) designate a beneficiary or beneficiaries to receive any payment which may be due under the Plan upon his death; and

(d) contain such other or additional information as in the opinion of the Committee is desirable or necessary in the operation of the Plan.

SECTION 3.02 - The weekly Elective Deferral amount shall be made by

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payroll deductions from a Participant's wages and the amounts so deducted shall be paid to the Trustee during the Month in which the deduction is made. The weekly Elective Deferral amount which may be specified under Section 3.01(a) and deducted under this Section shall be the amount specified in the Supplement hereto applicable to the particular group of Employees

EMPLOYEE PARTICIPATION

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described in each such Supplement subject to the provisions of Section 3.08.

SECTION 3.03 - A Participant may change the specification made under

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Section 3.01(a) by Filing With The Committee. A Participant who changes such specification to direct that no further Elective Deferral amounts shall be deducted from his Weekly Rate of Compensation may not again change such specification to begin further Elective Deferrals sooner than the thirteenth (13th) week after the first week for which no Elective Deferral is made by Participant.

SECTION 3.04 - An Eligible Employee shall annually make the

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specifications required in Sections 3.01(a) and 3.01(b) during the calendar month of October. An Employee who may become an Eligible Employee under Section 2.02 or 2.02(a) in November or December of a Plan Year shall also make the specifications required in Sections 3.01(a) and 3.01(b) during the calendar month of October. A former Employee rehired in November or December of a Plan Year who is eligible to participate under Section 2.02(b) or (c) or under Section 2.03 shall make the specifications required in Section 3.01(a) and 3.01(b) upon becoming an Employee. Such specifications required in Sections 3.01(a) and 3.01(b) made under this Section shall become effective at the beginning of the payroll period next following the end of the Plan Year in which such specifications are Filed With The Committee.



EMPLOYEE PARTICIPATION

SECTION 3.05

(a) In making the specification required in Section 3.01(b) the Eligible Employee shall specify that the weekly Elective Deferral amount shall be invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund, or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other funds, or three-fourths in one Fund and one-fourth in one of the other Funds. Alternatively, the Eligible Employee may specify that one-fourth of the weekly Elective Deferral amount shall be invested in Stock in lieu of one of the other Funds. Such specification by an Eligible Employee shall be deemed to be a continuing direction to the Trustee unless and until changed under the following provisions of this Section or Section 3.04. A Participant may change such specification under this Section only once each Quarter and may do so by Filing With The Committee a change in prior specification during the Quarter. A change in prior specification pursuant to this Section 3.05 shall provide that, commencing with the beginning of the payroll period next following the end of the Month in which the change is Filed With The Committee, the Participant's weekly Elective Deferral amount shall be invested by the Trustee as specified by the Participant. Any change made pursuant to this Section 3.05 shall not affect the investment of any

EMPLOYEE PARTICIPATION

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contributions by such Participant and by the Corporation prior to the beginning of such first pay period following the end of the Month in which the change is Filed With The Committee.

(b) A change in specification made pursuant to this Section 3.05 shall supersede all other option specifications made pursuant to Section 3.01(b), 3.04 or this Section 3.05.

(c) An Employee making loan repayments pursuant to Section 9.04(b) may make a change in prior specification under this Section 3.05 even though Elective Deferrals are not being deducted from his Weekly Rate of Compensation at the time such change in specification is Filed With The Committee.

(d) Notwithstanding any other provision of this Section 3.05 to the contrary, a Participant may not file an election under this Section which would have an effective date in the same Quarter as the effective date of a previous election under this Section, unless such new election is made pursuant to a special election period established by the Committee pursuant to Section 3.05(e).

(e) The Committee may, from time to time, (i) designate special election periods during which Participants may make the election under Section 3.05(a), and (ii) establish special effective dates for any such elections.

EMPLOYEE PARTICIPATION

SECTION 3.06 -

(a) Subject to Section 3.06(b), below, a Participant may elect, by Filing With The Committee, to have the dollar value of all Units and Shares (excluding Shares of ESOP Match Stock) credited to his Participant's Account on the Valuation Date of the first month following the end of the calendar month in which the election is filed, invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund, or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other Funds, or three-fourths in one Fund and one-fourth in one of the other Funds. Alternatively, a Participant may elect to have one-fourth of such dollar value invested in Stock in lieu of one of the other funds. Once Filed With The Committee the election may not be withdrawn. For the sole purpose of this Section 3.06 of the Plan, the effective date of the election shall be the Valuation Date of the first month following the calendar month in which the election is Filed With The Committee. Notwithstanding the foregoing, a Participant shall not have the right to direct the investment of any ESOP Match Stock allocated to his Participant's Account, and any income thereon, except as otherwise provided in Section 4A.03.

(b) Notwithstanding any other provision of this Section 3.06 to the contrary, a Participant may not file an

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election under this Section which would have an effective date in the same calendar Quarter as the effective date of a previous election under this Section, unless such new election is made pursuant to the special election period established by the Committee pursuant to Section 3.06(c).

(c) The Committee may, from time to time, (i) designate special election periods during which Participants may make the election under Section 3.06(a), and (ii) establish special effective dates for any such election.

SECTION 3.07 - (a) The Committee shall estimate, as soon as practical

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before the close of the Plan Year and at such other times as the Committee in its discretion determines, the extent, if any, to which Elective Deferrals may not be available to any Participant or class of Participants under Section 401(k) of the Code. In accordance with any such estimate, the Committee may set initial or interim limits for Elective Deferrals relating to any Participant or class of Participants. These rules may include provisions authorizing the suspension or reduction of Elective Deferrals above a specified dollar amount or percentage of Weekly Rate of Compensation.

(b)(1) For each Plan Year, the Committee shall calculate an actual deferral ration (ADR) for each Participant. The ADR for each Participant shall be equal to the ratio of the sum of the contributions described in paragraph (b)(2) divided by the Participant's compensation during the Plan Year. For

EMPLOYEE PARTICIPATION

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purposes of this Section 3.07, "compensation" shall meet the requirements of Section 414(s) of the Code and Treasury Regulations. A Participant's compensation taken into account for this purpose shall be limited to compensation received during the Plan Year while the Employee is a Participant.

(2) For purposes of calculating the ADR for each Participant, the total amount of the Participant's Elective Deferrals for the Plan Year shall be included; provided that any Elective Deferrals treated as Corporation Matching Contributions pursuant to Section 4.05(b) shall not be included in the calculation of the Participant's ADR. With respect to a Participant for whom no contributions are includable in the calculation of the Participant's ADR pursuant to this subsection (b)(2), the Participant's ADR shall be equal to zero.

(3) In the case of a Participant who is a Highly Compensated Employee and who is eligible to participate in a cash or deferred arrangement under another plan(s) which may be aggregated with this Plan pursuant to Section 1.401(k)-1(b)(3)(ii) of the Treasury Regulations (except as provided by Section 1.401(k)-1(g)(1)(B)(3) of the Treasury Regulations), the employee contributions and matching contributions from such other plan(s) shall be included for purposes of calculating the Participant's ADR under this Plan.

(4) In the case of Family Members treated as a single Highly Compensated Employee under paragraph (d) of the definition of Highly Compensated Employee, in accordance with the family

EMPLOYEE PARTICIPATION

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aggregation rules of Section 414(q)(6) of the Code, the ADR of the Family Member who is the Highly Compensated Employee shall be determined by combining the contributions described in subsection (b)(2) and compensation of all eligible Family Members. To the extent that the contributions and compensation of such Family Members are taken into account in determining the ADR of the Family Member who is the Highly Compensated Employee, such amounts shall be disregarded for purposes of determining the ADR for the Family Members who are non-Highly Compensated Employees.

(c) For each Plan Year, an actual deferral percentage (ADP) shall be separately calculated for the group of Participants who are Highly Compensated Employees ("High-ADP") and the group of Participants who are non-Highly Compensated Employees ("Low-ADP"). The ADP for each such group of Participants is the average of the individual ADR's for that group of Participants. The High-ADP when compared with the Low-ADP must meet one of the following requirements:

(1) The High-ADP is no greater than 1.25 times the Low-ADP; or

(2) The High-ADP is no greater than two times the Low-ADP, and the High-ADP is no greater than the Low-ADP plus two percentage points."

SECTION 3.08 - The Committee shall determine prior to the effective

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date of the Elective Deferral that becomes effective in January of each Plan Year and again during the month of June whether there is a reasonable expectation that the

EMPLOYEE PARTICIPATION

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Average Deferral Percentage results projected for the Plan Year will satisfy either of the tests contained in Section 3.07. If, in the Committee's determination, neither of the tests described in Section 3.07 will be satisfied, the following procedure will be followed:

(a) A reduction in the Elective Deferral amount specified under Sections 3.03 or 3.04 for Eligible Employees who are Highly Compensated Employees will be made. Such reduction will be applied to the Elective Deferral amount of all Eligible Employees in such group. The reduction shall be applied by \$.01 (one cent) reductions to the Elective Deferral amount of each Eligible Employee who is a Highly Compensated Employee and the tests described in Section 3.07 will be re-run. This procedure will be repeated until one of the tests specified in Section 3.07 is satisfied.

(b) If a reduction in the amount of the Elective Deferral amount is required as a result of the application of Section 3.08(a), the reduction shall be paid to the Eligible Employee as taxable earnings for the pay periods in the Plan Year in which the reduction applies.

SECTION 3.09 - Notwithstanding any other provision of the Plan to the

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contrary, a Participant will be suspended from making an Elective Deferral under the Plan for any week in which a garnishment, attachment, levy or other legal process is imposed on a Participant's Weekly Rate of Compensation.

EMPLOYEE PARTICIPATION

SECTION 3.10

(a) Elective Deferrals made on behalf of any Participant under this Plan and all other plans (which are described in subsection (c)) maintained by the Corporation shall not exceed the limitation under Section 402(g)(1) of the Code for the taxable year of the Participant, as adjusted annually under Section 402(g)(5) of the Code, and shall be effective as of January 1 of each calendar year.

(b) In the event that the dollar limitation in subsection (a) is exceeded, the Participant is deemed to have requested a distribution of such "Excess Deferrals" by the first March 1 following the close of the Participant's taxable year. The Committee shall distribute such Excess Deferrals (and any income allocable thereto), to the Participant by April 15th. In determining the Excess Deferrals distributable with respect to a Participant's taxable year, excess Elective Deferrals previously distributed for the Plan Year beginning with or within such taxable year shall reduce the Excess Deferrals otherwise distributable under this subsection (b). The income allocable to the Excess Deferrals shall be determined through the date of distribution in accordance with Section 1.402(g)-(1)(e)(5) of the Treasury Regulations.

(c) In the event that a Participant is also a participant in (1) another qualified cash or deferred arrangement as defined in Section 401(k) of the Code, (2) a simplified employee pension, as defined in Section 408(k) of the Code, or



EMPLOYEE PARTICIPATION

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(3) a salary reduction arrangement, within the meaning of Section 3121(a)(5)(D) of the Code, and the elective deferrals, as defined in Section 402(g)(3) of the Code, made under such other arrangement(s) and this Plan cumulatively exceed the dollar limit under subsection (a) for such Participant's taxable year, the Participant may, not later than March 1 following the close of his or her taxable year, notify the Committee in writing of such excess and request that the Elective Deferrals made on his or her behalf under this Plan be reduced by an amount specified by the Participant. The Committee may then determine to distribute such excess in the same manner as provided in subsection (b).

SECTION 4  
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CORPORATION MATCHING CONTRIBUTIONS  
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SECTION 4.01  
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(a) For Elective Deferral amounts made before the ESOP Starting Date, the Corporation will contribute to the Trustee an amount equal to fifty percent (50%) of the Elective Deferral amount specified by Participants during the Month immediately preceding the date of such matching contribution by the Corporation. The fifty percent (50%) "Corporation Matching Contribution" made under this Section 4.01(a) shall be limited to Elective Deferral amounts up to the amount specified in the Supplement hereto (as provided in Section 3.02) as subject to receive the Corporation Matching Contribution. Elective Deferral amounts over the amount specified in the Supplement hereto as eligible for matching shall not be subject to the fifty percent (50%) Corporation Matching Contributions.

(b) For Elective Deferral amounts made after the beginning of the ESOP Starting Date, the Corporation will make a Corporation Matching Contribution to the Trustee equal to sixty percent (60%) of the Elective Deferral amounts specified by each Participant during the Month immediately preceding the date of such matching contribution by the Corporation. The sixty percent (60%) Corporation Matching Contribution made under this Section 4.01(b) shall be limited to Elective Deferral amounts up to the amount

CORPORATION MATCHING CONTRIBUTIONS

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specified in the Supplement hereto (as provided in Section 3.02) as subject to receive the Corporation Matching Contribution.

(c) Fifty percent (50%) of the Corporation Matching Contribution to be made on behalf of any Employee who is a member of a particular group of Employees described in a Supplement hereto on or after the applicable ESOP Starting Date and prior to the applicable ESOP Ending Date will be made to the ESOP Trustee in cash, Shares or any other property acceptable to the ESOP Trustee as an ESOP Contribution, and fifty percent (50%) of any such Corporation Matching Contribution shall be made to the Trustee in cash or other property acceptable to the Trustee as a non-ESOP Contribution to be allocated to the various Funds in accordance with Section 4.02. Corporation Matching Contributions made after the ESOP Ending Date specified in the applicable Supplement will be made to the Trustee in cash or other property acceptable to the Trustee as a non-ESOP Contribution to be allocated to the various Funds in accordance with Section 4.02.

SECTION 4.02 - Corporation Matching Contributions for each Month shall

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be allocated by the Trustee to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and to the ESOP Fund, in the same proportion as Elective Deferral amounts specified by Participants during such Month are allocated to the Bond Fund, the Lockheed Martin Stock Fund, the

CORPORATION MATCHING CONTRIBUTIONS

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Securities Fund, the STIF Fund and to the ESOP Fund. Notwithstanding the foregoing, ESOP Contributions shall be wholly invested in Stock, except as provided otherwise due to an election under Section 4A.03 or to the extent loans are made to Participants under Section 9.04.

SECTION 4.03 - No part of the Corporation Matching Contributions paid

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to the Trustee shall be recoverable by the Corporation. However, with respect to a Participant whose benefits under the Plan are forfeited under the provisions of Sections 8.02, 8.04 and 12.07, by Termination of Employment, all amounts so forfeited shall be credited against, and reduce to the extent of such credit, the amount of future Corporation Matching Contributions otherwise to be made under Section 4.01.

SECTION 4.04 - Except in accordance with applicable federal and state

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law, no liability for the payment of benefits under the Plan shall be imposed upon the Corporation, its officers, directors, employees, or shareholders or the Committee or any of its members, nor shall they be subject to any suit or litigation or to any legal liability for any cause, or reason, or thing whatsoever in connection with the Plan or in connection with the operation of the Trust Funds. This shall not affect any obligation of the Corporation to pay any specific contribution to the Trustees which it has accrued and expressly obligated itself to pay, nor shall it affect the right, if any, of a Participant or beneficiary to seek redress against the proper person or

CORPORATION MATCHING CONTRIBUTIONS

persons, corporation, firm or trustee who violate his rights under the Plan.

SECTION 4.05

(a)(1) The Committee shall estimate, as soon as practical, before the close of the Plan Year and at such other times as the Committee in its discretion determines, the extent, if any, to which Corporation Matching Contributions may not be available to any Participant or class of Participants under Section 401(m) of the Code. In accordance with any such estimate, the Committee may set initial or interim limits or percentages for Corporation Matching Contributions relating to any Participant or class of Participants.

(2) Notwithstanding the foregoing, the provisions of this Section 4.05 shall not be applied with respect to any Employee covered by a collective bargaining agreement between the Corporation and a collective bargaining agent.

(b)(1) For each Plan Year, after determining the amount of excess Elective Deferrals, if any, under Section 3.07, the Committee shall calculate an actual contribution ratio (ACR) for each Participant. The ACR for each Participant shall be equal to the ratio of the sum of the contributions described in paragraph (b)(2) divided by the Participant's compensation during the Plan Year. For purposes of this Section 4.05, "compensation" shall meet the requirements of Section 414(s) of the Code and Treasury Regulations. A Participant's compensation taken into account for this purpose shall be limited to compensation

CORPORATION MATCHING CONTRIBUTIONS

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received during the Plan Year while the Employee is a Participant.

(2) For purposes of calculating the ACR for each Participant, the following contributions shall be included:

(A) the total amount of the Corporation Matching Contributions allocated to the Participant's Account for the Plan Year; and

(B) all or any part of the Elective Deferrals that the Corporation, in its sole discretion, elects to treat as Corporation Matching Contributions; provided that the conditions described in Section 1.401(m)-1(b)(5) of the Treasury Regulations, which are hereby incorporated by reference, are satisfied.

(3) With respect to a Participant for whom no contributions are includable in the calculation of the Participant's ACR pursuant to this subsection (b)(2), the Participant's ACR shall be equal to zero.

(4) In the case of a Participant who is a Highly Compensated Employee and who makes employee contributions to or is entitled to matching contributions from another plan(s) which may be aggregated with this Plan pursuant to Section 1.401(m)-1(b)(3)(ii) of the Treasury Regulations (except as provided by Section 1.401(m)-1(f)(1)(ii)(B) of the Treasury Regulations), the employee contributions and matching contributions from such other plan(s) shall be included for purposes of calculating the Participant's ACR under this Plan.

CORPORATION MATCHING CONTRIBUTIONS

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(5) In the case of Family Members treated as a single Highly Compensated Employee under paragraph (d) of the definition of "Highly Compensated Employee," in accordance with the family aggregation rules of Section 414(q)(6) of the Code, the ACR of the Family Member who is the Highly Compensated Employee shall be determined by combining the contributions described in subsection (b)(2) and compensation of all eligible Family Members. To the extent that the contributions and compensation of such Family Members are taken into account in determining the ACR of the Family Member who is the Highly Compensated Employee, such amounts shall be disregarded for purposes of determining the ACR for the Family Members who are non-Highly Compensated Employees.

(c) For each Plan Year, an actual contribution percentage (ACP) shall be separately calculated for the group of Participants who are Highly Compensated Employees ("High-ACP") and the group of Participants who are non-Highly Compensated Employees ("Low-ACP"). The ACP for each such group of Participants is the average of the individual ACR's for that group of Participants. The High-ACP when compared with the Low-ACP must meet one of the following requirements:

- (1) The High-ACP is no greater than 1.25 times the Low-ACP; or
- (2) The High-ACP is no greater than two times the Low-ACP, and the High-ACP is no greater than the Low-ACP plus two percentage points.

CORPORATION MATCHING CONTRIBUTIONS

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(d) At the end of a Plan Year, the Committee shall determine the "Excess Aggregate Contributions" for each Participant who is a Highly Compensated Employee in the following manner. First, the Committee shall reduce the ACR of the Highly Compensated Employee(s) with the highest ACR to the ACR of the Highly Compensated Employee(s) with the next-highest ACR; provided, however, that if a lesser reduction would enable the Plan to meet the limits in subsection (c), the Committee shall make such lesser reduction in the ACR of the Highly Compensated Employee(s). Second, the Committee shall repeat the process in the preceding sentence until the Plan satisfies the limits in subsection (c). Third, the Committee shall calculate the amount of Excess Aggregate Contributions, which is equal to (1) the total contributions taken into account in calculating the ACR of the Highly Compensated Employee pursuant to subsection (b)(2), minus (2) the product of the ACR of the Highly Compensated Employee determined in accordance with this subsection (d) and the compensation of the Highly Compensated Employee. In the case of Family Members subject to the family aggregation rules of Section 414(q)(6) of the Code, the Excess Aggregate Contributions shall be allocated among Family Members in proportion to the total contributions taken into account pursuant to subsection (b)(2) of each Family Member that has been combined under subsection (b)(4). The income allocable to the Excess Aggregate Contributions shall be determined through the date of distribution in accordance with Section 1.401(m)-1(e)(3)(ii) of



CORPORATION MATCHING CONTRIBUTIONS

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the Treasury Regulations. The Committee will not be liable to any Participant (or to the Participant's Beneficiary, if applicable) for any losses caused by inaccurately estimating or calculating the amount of any Participant's Excess Aggregate Contributions and income allocable thereto.

(e) If, at the end of a Plan Year, a Participant or a class of Participants has Excess Aggregate Contributions, then the Committee or Corporation may elect, at its discretion, to pursue any of the following courses of action or any combination thereof:

(1) The Committee may cause a Participant to forfeit any or all Corporation Matching Contributions (and any earnings allocable thereto) that are not vested.

(2) The Committee may cause a Participant to forfeit any or all Corporation Matching Contributions (and any income allocable thereto) attributable to excess Elective Deferrals under Section 3.07. These forfeitures are permissible, pursuant to Section 1.401(k)-1(f)(5)(iii) of the Treasury Regulations, even if such Corporation Matching Contributions would otherwise be vested pursuant to the terms of the Plan.

(3) The Committee may distribute any or all Excess Aggregate Contributions (and any income allocable thereto) to the Participant. Such distribution shall be made within the 2-1/2 month

CORPORATION MATCHING CONTRIBUTIONS

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period following the close of the Plan Year to the extent feasible,  
and in all events no later than 12 months after the close of the Plan  
Year.

(4) The Corporation, in its discretion, may make a contribution  
to the Plan, which shall be allocated as a fixed dollar amount to the  
accounts of Participants who are non-Highly Compensated Employees;  
provided that the conditions described in Section 1.401(m)-1(b)(5) of  
the Treasury Regulations, which are hereby incorporated by reference,  
are satisfied.

SECTION 4.06  
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The tests of Section 3.07(c) and 4.05(c) shall be met in accordance  
with the prohibition against the multiple use of the alternative limitation  
under Section 401(m)(9) of the Code by satisfying the provisions of Section  
1.401(m)-2(b) of the Treasury Regulations, which are hereby incorporated by  
reference. To the extent that reductions are required by application of Section  
1.401(m)-2(b) of the Treasury Regulations, such reduction shall be accomplished  
by reducing the ADR's for all Highly Compensated Employees.

SECTION 4A  
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ESOP PROVISIONS  
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SECTION 4A.01 - ESOP Contributions shall be wholly invested in Stock  
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(except as provided otherwise due to an election under Section 4A.03) and shall include the amounts described in Sections 4A.01(a) below. The Corporation may make all or a part of any such contributions out of its treasury shares or authorized but unissued shares.

(a) Corporation Matching Contributions made on or after the ESOP Starting Date and prior to the ESOP Ending Date are ESOP Contributions.

SECTION 4A.02 - If at the time of distribution, Stock distributed from  
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the ESOP Fund is not readily tradeable on an established market within the meaning of Section 409(h) of the Code and the Regulations, such Stock shall be subject to a put option in the hands of a Qualified Holder by which such Qualified Holder may sell all or any part of the Stock distributed to him by the ESOP Fund to the ESOP Trustee. Should the ESOP Trustee decline to purchase all or any part of the Stock put to it by the Qualified Holder, the Corporation shall purchase the Stock that the ESOP Trustee declines to purchase. The put option shall be subject to the following conditions:

(a) The term "Qualified Holder" shall mean the Participant or beneficiary receiving the distribution of such Stock, any other party to whom the Stock is transferred by gift or by reason of death, and also any trustee of an individual

ESOP PROVISIONS

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retirement account (as defined under Code Section 408) to which all or any portion of the distributed Stock is transferred pursuant to a tax-free "rollover" transaction satisfying the requirements of Sections 402 and 408 of the Code.

(b) During the 60-day period following any distribution of such Stock, a Qualified Holder shall have the right to require the Corporation to purchase all or a portion of the distributed Stock held by the Qualified Holder. The purchase price to be paid for any such Stock shall be its fair market value determined (1) as of the Valuation Date coinciding with or next preceding the exercise of the put option under this Section 4A.02 or, (2) in the case of a transaction between the Plan and a "disqualified person" within the meaning of Section 4975(e)(2) of the Code or a "party in interest" within the meaning of Section 3(14) of ERISA, as of the date of the transaction.

(c) If a Qualified Holder shall fail to exercise his put option right under Section 4A.02(b), the option right shall temporarily lapse upon the expiration of the 60-day period. As soon as practicable following the last day of the Plan Year in which the 60-day option period expires, the Corporation shall notify the non-electing Qualified Holder (if he is then a shareholder of record) of the valuation of the Stock as of that date. During the 60-day period following receipt of such valuation notice, the

ESOP PROVISIONS

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Qualified Holder shall again have the right to require the Corporation to purchase all or any portion of the distributed Stock. The purchase price to be paid therefore shall be fair market value determined (1) as of the Valuation Date coinciding with or next preceding the exercise of the put option under this Section 4A.02(c) or, (2) in the case of a transaction between the Plan and a "disqualified person" within the meaning of Section 4975(e)(2) of the Code or a "party in interest" within the meaning of Section 3(14) of ERISA, as of the date of the transaction.

(d) The foregoing put options under Section 4A.02(b) and (c) hereof shall be effective solely against the Corporation and shall not obligate the Plan or Trust in any manner.

(e) In making the determination of fair market value, the Corporation shall consider, to the extent permitted by law (and in conformity, where applicable, with the provisions of Section 6), the same methodology used to value the Stock at the time of its initial purchase by the ESOP Trustee and shall, to the extent permitted by law, include as a valuation factor at least the same proportionate share of enterprise value as was taken into account at the time of such purchase of Stock.

(f) The period during which the put option is exercisable does not include any time when a Qualified Holder is unable to exercise it because the Corporation is prohibited from honoring it by applicable Federal or State laws.

ESOP PROVISIONS

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(g) Except as otherwise required or permitted by the Code, the put options under this Section 4A.02 shall satisfy the requirements of Section 54.4975-7(b) of the Treasury Regulations to the extent, if any, that such requirements apply to such put options.

(h) A Qualified Holder must exercise his put option in writing by Filing with the Committee. If a Qualified Holder exercises his put option under this Section 4A.02, payment for the Stock repurchased shall be made, in the case of a distribution of a Participant's Account within one taxable year, in substantially equal annual payments over a period beginning not later than 30 days after the exercise of the put option and not exceeding five years (provided that adequate security and reasonable interest are provided with respect to unpaid amounts) or, in the case of other distributions, not later than 30 days after such exercise.

SECTION 4A.03 -

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(a) Notwithstanding any other provision of the Plan, any Participant who has attained age 55 and completed at least ten (10) Years of Service may elect to have up to 25% of the value in his Participant's Account attributable to ESOP Contributions invested in the funds referred to in Section 4A.03(b). Any such Participant may make this election once during each Plan Year of his Qualified Election Period. After the close of the sixth Plan Year in the Participant's Qualified Election Period, the Participant

ESOP PROVISIONS

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may so direct the investment of up to 50% of the value of amounts in his Participant's Account attributable to ESOP Contributions. For this purpose, the term "Qualified Election Period" shall mean the period beginning with the later of the Plan Year in which the Participant attains age 55 or completes ten (10) Years of Service and ending upon the Participant's Termination of Employment. The percentage of amounts in a Participant's Account attributable to ESOP Contributions for which he may make investment directions in a Plan Year shall be the "Allocable Portion" of such Participant's Account at the time of the election under this Section 4A.03.

(b) A Participant may elect by Filing With The Committee, to have the dollar value of the Allocable Portion of his Participant's Account on the Valuation Date of the first month following the end of the calendar month in which the election is filed, invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other Funds, or three-fourths in one Fund and one-fourth in one of the other Funds. For the sole purpose of this Section 4A.03(b), the effective date of the election shall be the Valuation Date of the first month following the calendar month in which the election is Filed With The Committee. The election may not

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be withdrawn once Filed With The Committee for ninety (90) days. Such election shall be in accordance with any notice, rulings, or regulations or other guidance issued by the Internal Revenue Service with respect to Code Section 401(a)(28)(B).

SECTION 4A.04 - Effective as of the ESOP Starting Date, all cash

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dividends on Stock allocated to Participant's Accounts shall be paid out to the Participant in a manner consistent with Section 404(k) of the Code.

SECTION 4A.05 - Stock held in Participants' Accounts shall be valued

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as of each Valuation Date, or at the discretion of the Committee, more frequently. All valuations of Stock which is not readily tradeable on an established securities market shall be made by an independent appraiser meeting requirements similar to those contained in Treasury Regulations under Section 170(a)(1) of the Code.

SECTION 4A.06 - All tender or exchange decisions with respect to Stock

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held by the ESOP Trustee shall be made only by Participants acting in their capacity as Named Fiduciaries in accordance with the following provisions of this Section 4A.06:

(a) In the event an offer shall be received by the ESOP Trustee (including a tender offer for Shares subject to Section 14(d)(1) of the Securities Exchange Act of 1934 or subject to Rule 13e-4 promulgated under that Act, as those provisions may from time to time be amended) to purchase or exchange any Shares held by the ESOP Trustee, the Trustee



## ESOP PROVISIONS

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will advise each Participant who has Shares credited to his Participant's Account in writing of the terms of the offer as soon as practicable after its commencement and will furnish each Participant with a form by which he may instruct the Trustee confidentially whether or not to tender or exchange Shares allocated to his Participant's Account (including fractional shares to 1/1000th of a Share). The materials furnished to the Participants shall include (i) a notice from the ESOP Trustee that the ESOP Trustee will not tender or exchange any Shares for which timely instructions are not received by the ESOP Trustee and (ii) such related documents as are prepared by any person and provided to the shareholders of the Corporation pursuant to the Securities Exchange Act of 1934. The Committee and the ESOP Trustee may also provide Participants with such other material concerning the tender or exchange offer as the ESOP Trustee or the Committee in its discretion determine to be appropriate, provided, however, that prior to any distribution of materials by the Committee, the ESOP Trustee shall be furnished with complete copies of all such materials. The Corporation and the Committee will cooperate with the ESOP Trustee to ensure that Participants receive the requisite information in a timely manner.

(b) The ESOP Trustee shall tender or not tender Shares or exchange Shares allocated to any Participant's Account (including fractional Shares to 1/1000th of a Share) only as

ESOP PROVISIONS

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and to the extent instructed by the Participant as a Named Fiduciary. With respect to Shares allocated to the Participant's Account of a deceased Participant, such Participant's beneficiary, as a Named Fiduciary, shall be entitled to direct the Trustee whether or not to tender or exchange such Shares as if such beneficiary were the Participant. If tender or exchange instructions for Shares allocated to any Participant's Account are not timely received by the ESOP Trustee, the ESOP Trustee will treat non-receipt as a direction not to tender or exchange such Shares. The instructions received by the ESOP Trustee from Participants or beneficiaries shall be held by the ESOP Trustee in strict confidence and shall not be divulged or released to any person, including directors, officers or employees of the Corporation or of any other company, except as otherwise required by law.

(c) In the event, under the terms of a tender offer or otherwise, any Shares tendered for sale, exchange or transfer pursuant to such offer may be withdrawn from such offer, the ESOP Trustee shall follow such instructions respecting the withdrawal of such securities from such offer in the same manner and the same proportion as shall be timely received by the ESOP Trustee from the Participants, as Named Fiduciaries, entitled under this Section 4A.06 to give instructions as to the sale, exchange or transfer of securities pursuant to such offer.

ESOP PROVISIONS

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(d) In the event that an offer for fewer than all of the Shares held by the ESOP Trustee shall be received by the ESOP Trustee, each Participant who has been allocated any Shares subject to such offer shall be entitled to direct the ESOP Trustee as to the acceptance or rejection of such offer (as provided by subsections (a)-(c) of this Section 4A.06) with respect to the largest portion of such Stock as may be possible given the total number or amount of Shares the ESOP Trustee may sell, exchange or transfer pursuant to the offer based upon the instructions received by the ESOP Trustee from all other Participants who shall timely instruct the ESOP Trustee pursuant to this Section 4A.06 to sell, exchange or transfer such Shares pursuant to such offer, each on a pro rata basis in accordance with

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the number or amount of such Shares allocated to the Participants' Accounts.

(e) In the event an offer shall be received by the ESOP Trustee and instructions shall be solicited from Participants pursuant to subsections (a)-(c) of this Section 4A.06 regarding such offer, and prior to termination of such offer, another offer is received by the ESOP Trustee for the securities subject to the first offer, the ESOP Trustee shall use its best efforts under the circumstances to solicit instructions from the Participants to the ESOP Trustee (i) with respect to securities tendered for sale, exchange or transfer pursuant to the first offer, whether to

## ESOP PROVISIONS

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withdraw such tender, if possible, and, if withdrawn, whether to tender any securities so withdrawn for sale, exchange or transfer pursuant to the second offer and (ii) with respect to securities not tendered for sale, exchange or transfer pursuant to the first offer, whether to tender or not to tender such securities for sale, exchange or transfer pursuant to the second offer. The ESOP Trustee shall follow all such instructions received in a timely manner from Participants in the same manner and in the same proportion as provided in subsections (a)-(c) of this Section 4A.06. With respect to any further offer for any Stock received by the ESOP Trustee and subject to any earlier offer (including successive offers from one or more existing offerors), the ESOP Trustee shall act in the same manner as described above.

(f) A Participant's instructions to the ESOP Trustee to tender or exchange Shares will not be deemed a withdrawal or suspension from the Plan or a forfeiture of any portion of the Participant's interest in the Plan. Funds received in exchange for tendered Shares will be credited to the Participant's Account of the Participant whose Shares were tendered and will be used by the ESOP Trustee to purchase Stock, as soon as practicable. In the interim, the ESOP Trustee will invest such funds in short-term investments permitted under the ESOP Trust.

ESOP PROVISIONS

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(g) The ESOP Trustee shall take all steps necessary, including appointment of a corporate trustee and/or an outside independent administrator to the extent such action, after consultation with the Corporation and the Profit Sharing Trustee, is found necessary to maintain confidentiality of Participant responses and/or to adequately discharge their obligations as Named Fiduciary.

SECTION 4A.07 - All voting rights on Shares held by the ESOP Trustee

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shall be exercised in accordance with the following provisions of this Section 4A.07:

(a) As soon as practicable before each annual or special shareholders' meeting of the Corporation, the ESOP Trustee shall furnish to each Participant a copy of the proxy solicitation material sent generally to shareholders, together with forms requesting confidential instructions on how the Shares allocated to such Participant's Account (including fractional Shares to 1/1000th of a Share) are to be voted. The Corporation and the Committee shall cooperate with the Trustee to ensure that Participants receive the requisite information in a timely manner. Except as provided in subsection (d) of this Section 4A.07, the materials furnished to the Participants shall include a notice from the ESOP Trustee that any allocated Shares for which timely instructions are not received by the ESOP Trustee will be voted by the Trustee in its discretion. Upon timely receipt of such instructions, the ESOP Trustee (after

ESOP PROVISIONS

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combining votes of fractional Shares to give effect to the greatest extent to Participants' instructions) shall vote the Shares as instructed. If voting instructions for Shares allocated to any Participant's Account are not timely received by the ESOP Trustee for a particular shareholder's meeting, such Shares shall not be voted. The instructions received by the ESOP Trustee from Participants or beneficiaries shall be held by the ESOP Trustee in strict confidence and shall not be divulged or released to any person including directors, officers or employees of the Corporation, or of any other company, except as otherwise required by law.

(b) With respect to all corporate matters submitted to shareholders, all Shares allocated to Participants' Accounts shall be voted in accordance with the directions of such Participants as Named Fiduciaries as given to the ESOP Trustee. Each Participant shall be entitled to direct the voting of Shares (including fractional shares to 1/1000th of a share) allocated to his Participant's Account. With respect to Shares allocated to the Participant's Account of a deceased Participant, such Participant's beneficiary, as Named Fiduciary, shall be entitled to direct the voting with respect to such allocated Shares as if such beneficiary were the Participant. If, however, voting instructions for Shares allocated to any Participant's Account are not timely received by the ESOP Trustee for a particular shareholder's

ESOP PROVISIONS

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meeting, such Shares shall be voted by the ESOP Trustee in its discretion.

SECTION 4A.08 - In no event shall any part of the Plan, including the

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ESOP Feature, be used for, or diverted to, any purpose other than for the exclusive benefit of Participants and their beneficiaries.

SECTION 4A.09 - The provisions of this Section 4A (other than Section

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4A.01(a) relating to the classification of Corporation Matching Contributions as ESOP Contributions) shall remain in effect as to any Employee who has at any time participated in the ESOP Feature of the Plan regardless of any ESOP Ending Date specified in any Supplement hereto.

SECTION 5

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PARTICIPANT'S ACCOUNT  
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SECTION 5.01 - There shall be maintained for each Participant a  
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separate Participant's Account which shall show in dollars the Elective Deferral amounts specified and After-Tax Contributions made by the Participant and the fifty percent (50%) corresponding contribution made by the Corporation under the Plan as in effect prior to December 26, 1983, and the corresponding Corporation Matching Contributions made as provided in Sections 4.01 and 4A.01 (consisting of the Corporation's Matching Contributions, ESOP Contributions and forfeitures) and, in terms of Units or Shares, shall show the portion of such Participant's Account in the Bond Fund, the Securities Fund, the STIF Fund, the Lockheed Martin Stock Fund and/or the ESOP Fund, as the case may be. In addition, the Participant's Account shall show that portion of the Participant's Account in the ESOP Fund that consists of Thrift Stock and the portion that consists of ESOP Match Stock. As of the ESOP Starting Date, Stock shall be accounted for in Shares rather than Units and such accounting in Shares shall continue regardless of any ESOP Ending Date specified in any Supplement hereto.

SECTION 5.02 -  
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(a) The annual addition to any Participant's Account for any Plan Year shall not exceed the maximum permissible amount. Subsection (c) defines the terms used in this Section.



PARTICIPANT'S ACCOUNT

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(b) If a Participant's annual addition would exceed the maximum permissible amount, any excess contribution inadvertently made shall be refunded to the Corporation and, to the extent the excess contribution is attributable to Elective Deferrals, returned to the Participant in question.

(c) For purposes of this Section, terms used herein shall have the following meanings:

(1) "Annual addition" shall mean the sum of Corporation contributions (including Elective Deferrals and ESOP Contributions) and any forfeitures allocated to a Participant's account for a Plan Year under this Plan and all other qualified defined contribution plans of the Corporation.

"Annual addition" shall also include amounts derived from Corporation contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a key employee, as defined in Code Section 419A(d)(3), under a welfare benefit fund, as defined in Code Section 419(e), which is maintained by the Corporation, and amounts substantially similar to those just described which are contributed to a defined benefit plan for a plan year of the defined benefit plan beginning after March 31, 1984.

PARTICIPANT'S ACCOUNT

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(2) "Maximum permissible amount" shall mean, with respect to a Participant, the lesser of

a. twenty-five percent of the Participant's earnings for the Plan Year, or

b. \$30,000 (or, if greater, 1/4 of the defined benefit dollar limitation in effect under Section 415(b)(1) of the Code for the limitation year).

(3) "Earnings" shall mean the total cash and non-cash remuneration paid to a Participant during the Plan Year but excluding Elective Deferrals under this Plan, and:

a. employer contributions for simplified employee pension,

b. deferred compensation (other than an amount included in the Participant's gross income for the Plan Year which is attributable to an unfunded, non-qualified plan),

c. amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by an Employee becomes freely transferable or is no longer subject to a substantial risk or forfeiture,

d. amounts realized from the sale, exchange or other disposition of stock under a tax-benefitted stock option, and

e. other amounts which receive special tax benefits.

(d) If a Participant in this Plan has at any time participated in one or more qualified defined benefit plans maintained by the Corporation, the sum of the Participant's "defined contribution plan fraction" and "defined benefit plan fraction" shall not exceed 1.0.

(1) "Defined contribution plan fraction" shall have the meaning set forth in Internal Revenue Code Section 415(e)(3). If, based on reasonable projections, it is expected that a Participant's defined contribution plan fraction in the future will be materially less than his or her current defined contribution plan fraction, the Committee may compute the defined contribution plan fraction on a projected basis. Section 415(e)(3) defines the term "defined contribution plan fraction" as a fraction

(i) the numerator of which is the sum of the annual additions, as defined in subsection (c), to the Participant's accounts in this Plan and all other qualified defined contribution and defined benefit plans (whether or not terminated) of the Corporation for the current and all prior Plan Years, and

PARTICIPANT'S ACCOUNT

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(ii) the denominator of which is the sum of the annual additions which would have been made for the Participant for the current and all prior Plan Years (whether or not this Plan or any other defined contribution or defined benefit plan was then in existence) if, in each such Year, the Participant's annual additions equaled the lesser of

a. 125 percent of the dollar limitation in effect under Internal Revenue Code Section 415(c)(1)(A), or

b. thirty-five percent of the Participant's earnings for the Year in question.

A Participant's defined contribution plan fraction as of the end of the last Plan Year beginning prior to 1976 shall be calculated in accordance with Treas. Reg. Sec. 1.415-7(d). If the Participant was a participant in one or more qualified defined contribution plans maintained by the Corporation which were in existence on July 1, 1982, the numerator of the Participant's defined contribution plan fraction will be adjusted if the sum of this fraction and the defined benefit plan fraction would otherwise exceed 1.0. Under the adjustment, an amount equal to the product of

PARTICIPANT'S ACCOUNT

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(i) the excess of the sum of both fractions over 1.0, times (ii) the denominator of the defined contribution plan fraction will be permanently subtracted from the numerator of the defined contribution plan fraction. The adjustment shall be calculated using the fractions as they would be computed as of the end of the last Plan Year beginning before June 30, 1983. This adjustment shall also be made if, at the end of the last Plan Year beginning before January 1, 1984, the sum of both fractions exceeds 1.0 because of accruals or additions that were made before the limitations of this subsection became effective for any plans of the Corporation in existence on July 1, 1982. The Committee may elect to compute the denominator of a Participant's defined contribution plan fraction for Plan Years ending on or before January 1, 1983 by multiplying the Participant's denominator (as determined as of the end of the Plan Year ending in 1982) by the "transition fraction." The transition fraction shall have a numerator equal to the lesser of \$51,875 (or \$41,500 if Internal Revenue Code Section 416(h)(4) (relating to top heavy plans) is applicable for the first Plan Year beginning after December 31, 1983) or thirty-five percent of the Participant's earnings for the Plan

PARTICIPANT'S ACCOUNT

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Year ending during 1981, and shall have a denominator equal to the lesser of \$41,500 or twenty-five percent of the Participant's earnings for the Plan Year ending during 1981. This election shall be made in accordance with procedures established under or in accordance with Internal Revenue Code Section 415(e)(6).

(2) "Defined benefit plan fraction" shall have the meaning set forth in Internal Revenue Code Section 415(e)(2). This Code Section defines the term "defined benefit plan fraction" as a fraction (i) the numerator of which is the sum of the Participant's projected annual benefit under all defined benefit plans (whether or not terminated) of the Corporation, and (ii) the denominator of which is the lesser of

a. 125 percent of the dollar limit in effect under subsection (c)(2)b for the Plan Year, or

b. 140 percent of the Participant's earnings.

The projected annual benefit shall be the annual retirement benefit attributable to Corporation contributions to which the Participant would be entitled under the terms of the defined benefit plans (adjusted to the actuarial equivalent of a

PARTICIPANT'S ACCOUNT

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straight life annuity if the projected annual benefit is expressed in a form other than a straight life annuity or qualified joint and survivor annuity), assuming that the Participant will continue employment until normal retirement age (or current age, if later), and that the Participant's compensation for the current Plan Year and all other relevant factors used to determine benefits under the plans will remain constant for all future Plan Years. If the Participant was a participant in one or more qualified defined benefit plans maintained by the Corporation which were in existence on July 1, 1982, the denominator of the Participant's defined benefit plan fraction will not be less than 125 percent of the sum of the annual benefits which the Participant had accrued under such plans as of the end of the last Plan Year beginning before June 30, 1983. The preceding sentence shall apply only if the defined benefit plans individually and in the aggregate satisfied the requirements of Internal Revenue Code Section 415 as in effect at the end of the 1982 Plan Year.

(3) For any Plan Year in which the Plan is "top heavy," as defined in Section 15.01(b) and the exception in Internal Revenue Code Section

PARTICIPANT'S ACCOUNT

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416(h)(2) does not apply, "100 percent" shall be substituted for "125 percent" in determining the denominators of a key employee's defined contribution and defined benefit plan fractions.

SECTION 5.03 - As of the Valuation Date of each Month each

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Participant's Account shall be credited for such Month with the number of Units equivalent to the Unit value and/or Shares at a Share value (calculated as provided in Sections 6.01 and 6.02) of:

(1) the total dollar amount of weekly Elective Deferrals specified by such Participant during such Month,

(2) the Corporation Matching Contributions with respect to such Month as provided in Section 4.01, and

(3) the ESOP Contributions with respect to any such Month as provided in Section 4A.01.

Such Units shall be allocated to the Bond Fund, the Securities Fund, the Lockheed Martin Stock Fund and/or the STIF Fund and such Shares shall be allocated to the ESOP Fund pursuant to the provisions of Sections 3.01(b), 3.05 and 4.02.



SECTION 6

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VALUATION OF PARTICIPANT'S ACCOUNT  
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SECTION 6.01 - The value of Units in each Participant's Account, as

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allocated to each Fund under the Plan, shall be determined separately for each Fund as of each Valuation Date. At the inception of the Bond Fund, STIF Fund, Securities Fund and Lockheed Martin Stock Fund one Unit for each dollar contributed by the Participant and for each dollar contributed by the Corporation with respect to such Participant prior to the first Valuation Date of such Fund was credited to each Participant's Account, allocated to each Fund as specified pursuant to Sections 3.01(b), 3.05, 3.06, and 4.02 as such Sections were in effect on such Valuation Dates. On each succeeding Valuation Date (a) the value of the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund and the STIF Fund, respectively, shall be the fair market value, as determined by the Trustee, as of such date, of the investments and cash held in such Fund on such date, less liabilities and the expenses as provided in Section 7.05 as accrued or paid as of such date; and (b) the value of a Unit in each Fund shall be determined by dividing the value of each such Fund, as determined above, by the total number of Units in all Participants' Accounts allocated to each such Fund as of such date. Notwithstanding anything to the contrary contained herein, assets in the STIF Fund may be valued at cost or unpaid principal amount if there is no readily ascertainable fair market value.

VALUATION OF PARTICIPANT'S ACCOUNT

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SECTION 6.02 - Effective as of the ESOP Starting Date, Units  
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maintained in the Lockheed Martin Stock Fund shall be valued and converted to Shares in the ESOP Fund and shall remain as part of the ESOP Fund regardless of any ESOP Ending Date specified in any Supplement hereto. On each succeeding Valuation Date thereafter, the value of the Participant's Account in the ESOP Fund shall be equal to the number of Shares, including any fractional Share; credited to his Participant's Account as of such date multiplied by the published composite closing price per Share on such Valuation Date.

SECTION 7  
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TRUST FUND AND TRUSTEE  
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SECTION 7.01 - All contributions made to the Plan by a Participant or  
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on his behalf shall be made to a Trust Fund or Trust Funds established by a trust agreement or trust agreements with a Trustee or Trustees to carry out the purposes of the Plan. Such Trust Fund or Trust Funds shall be composed of the Bond Fund, the ESOP Fund, the Securities Fund, the STIF Fund and such other Funds as may be established from time to time. The Committee shall select such Trustees, and may change the Trustees from time to time. Any Trustee designated hereunder shall be a bank or trust company qualified under the laws of the United States or of any State to operate thereunder as a trustee. Lockheed Corporation will determine the form and terms of any such trust agreement. Lockheed Corporation may amend any such trust agreement from time to time to accomplish the purposes of the Plan. The trust agreement or trust agreements shall provide, among other things, that at no time shall any part of the Trust Fund be used for, or diverted to, purposes other than for the exclusive benefit of the Participants or their beneficiaries.

SECTION 7.02 - Each Trustee shall, unless otherwise directed by an  
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Investment Manager (if such has been appointed), have exclusive authority and discretion to manage and invest the assets of the Trust Fund, as provided in its trust agreement. Each Trustee shall further be responsible for the holding and disbursement of all contributions and income received by it under

TRUST FUND AND TRUSTEE  
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the Plan, as provided in its trust agreement, and shall have such other responsibilities as are provided in such agreement.

SECTION 7.03 - Nothing in the Plan shall be construed as a guarantee  
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by the Corporation or the Trustees of the value of any security or instrument in which funds held by the Trustees are invested or as an indemnity against any loss resulting from such investment.

SECTION 7.04 - The Trustee shall allocate contributions made to the  
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Plan by a Participant or on his behalf in accordance with the specification as determined under Sections 3.01(b), 3.04, 3.05, 3.06, 3.07, 3.08, 4.02 and 4A.03.

SECTION 7.05 - Brokerage fees, commissions, taxes, and other charges  
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and expenses incident to the purchase, sale and servicing of investments and other taxes, if any, payable by the Trustees on the assets, or on income thereof, at any time held in each Fund may be paid by such Fund to the extent permitted by ERISA and the Code. All other expenses and charges incurred in the administration of the Plan, including the Trustees' fees and/or investment management fees, shall be paid by the Corporation.

SECTION 8

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BENEFITS  
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SECTION 8.01 - A Participant shall receive a cash payment in an amount

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equal to the dollar value of the balance of the Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990, "preceding" shall be substituted for "following") the date of Termination of Employment for any of the following reasons:

- (a) To receive early, normal, or disability retirement benefits for which he is qualified under a Lockheed Retirement Plan; or
- (b) Layoff for a period of four weeks; or
- (c) Death; or
- (d) Entry into the Armed Forces of the United States; or
- (e) Because of permanent disability for a continuous period of six (6) or more months. A Participant shall be deemed to be permanently disabled when, on the basis of medical evidence satisfactory to the Committee, the Committee finds that he is wholly and continuously disabled and prevented from performing his regular occupation for wage or profit as the result of bodily injury or disease, either occupational in cause or non-occupational in cause. A Participant shall not be deemed permanently disabled if, on the basis of proof satisfactory to the Committee, the

BENEFITS

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Committee finds that his incapacity arises out of chronic alcoholism, or addiction to narcotics (unless the disabling condition is caused, in and of itself, by an organic disease or organic condition resulting from such alcoholism or addiction), an injury self-inflicted or incurred while he was engaged in a felonious enterprise, or resulted therefrom, or resulted from service in the armed forces of any country except those of the United States; or

(f) For any reason on or after attaining age sixty-five (65) ("Normal Retirement Age"); or

(g) To receive a deferred monthly retirement benefit for which he is qualified under a Lockheed Retirement Plan, providing either the date of Termination of Employment occurs within the period of thirty (30) calendar days immediately preceding such Participant reaching sixty-five (65) years of age, or payment of the deferred monthly retirement benefit begins on the first day of the calendar month following the month of Termination of Employment.

SECTION 8.02 -

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(a) Upon Termination of Employment for reasons other than those set forth in Section 8.01, a Participant who does not have at least one Hour of Service on or after January 1, 1990 shall receive a cash payment in an amount equal to the sum of the following:

(1) The dollar value of the balance of Units and Shares in his Participant's Account which were credited

BENEFITS

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with respect to Elective Deferral amounts and After-Tax Contributions made by such Participant, determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(2) Twenty-five percent (25%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the fifth (5th) Quarter to and including the eighth (8th) Quarter immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(3) Fifty percent (50%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the ninth (9th) to and including the twelfth (12th) Quarter immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident

BENEFITS

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with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(4) Seventy-five percent (75%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the thirteenth (13th) to and including the sixteenth (16th) Quarter immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment; and

(5) One hundred percent (100%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to contributions made by the Corporation under the Plan as in effect prior to December 26, 1983 and/or Corporation Matching Contributions for the seventeenth (17th) Quarter and Quarters beyond, immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990



BENEFITS

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"preceding" shall be substituted for "following") the date of such Termination of Employment.

The Corporation shall maintain separate subaccounts within a Participant's Account if necessary to account for the Participant's vested interest in the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for each Quarter.

(b) Upon Termination of Employment for reasons other than those set forth in Section 8.01, a Participant with at least one Hour of Service on or after January 1, 1990 shall receive a cash payment in an amount equal to the sum of the following:

(1) the dollar value of the balance of Units and Shares in his Participant's Account which were credited with respect to Elective Deferral amounts and After-Tax Contributions made by such Participant, determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment; and

(2) the vested portion of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to contributions made by the Corporation under the Plan as

BENEFITS

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in effect prior to December 26, 1983 and/or Corporation Matching Contributions, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment. The vested portion of the dollar value shall be determined in accordance with the following:

| Completed Years of Service    | Vested Percent |
|-------------------------------|----------------|
| Less than 2 Years             | 0%             |
| 2 Years but less than 3 Years | 25%            |
| 3 Years but less than 4 Years | 50%            |
| 4 Years but less than 5 Years | 75%            |
| 5 Years or more               | 100%           |

SECTION 8.03 - Prior to July 1, 1990, a Participant, or his

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beneficiary, who receives payment of an amount pursuant to the provisions of Section 8.01 or Section 8.02 shall have refunded to him any Elective Deferral amounts specified by him (but not Corporation Matching Contributions) between the Valuation Date as of which such payment under Section 8.01 or Section 8.02 was computed and the date of Termination of Employment.

SECTION 8.04 -

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(a) In the event that a Participant Terminates Employment for reasons other than those set forth in Section 8.01 and is not reemployed by Lockheed Corporation or a subsidiary or affiliate thereof during the Plan Year in

BENEFITS

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which the termination occurs, such Participant shall thereupon forfeit all Units and Shares credited to such Participant's Account and the amounts with respect thereto in the Trust Fund to which he is not entitled as a benefit as determined under the provisions of Section 8.02, subject to restoration under Subsection 8.04(b). In the event that a Participant Terminates Employment for reasons other than those set forth in Section 8.01 and is reemployed by Lockheed Corporation or a subsidiary or affiliate thereof during the Plan Year in which the termination occurs, such Participant shall retain all Units and Shares credited to such Participant's Account and the amounts with respect thereto in the Trust Funds which were not paid to him in the amount computed under the provisions of Section 8.02, and such Participant shall vest and/or continue to vest in said sums at the rate described in Section 8.02 without regard to the effect which said Termination of Employment would otherwise have on vesting. Amounts so retained shall be distributable to the extent vested at the time of distribution only pursuant to the provisions of Sections 8.01 or 8.02 or 9.01.

(b) To the extent required by applicable statute or regulation, in the event a Participant Terminates Employment and is reemployed by Lockheed Corporation or a subsidiary or affiliate thereof without incurring a Break in Service (five (5) consecutive one-year Breaks in Service in the case of

BENEFITS

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persons who had not completed a one-year Break in Service prior to December 30, 1985), such Participant shall have restored to his Participant's Account any amounts previously forfeited pursuant to Subsection 8.04(a). Such restoration shall be in compliance with applicable statute or regulation, and in accordance with rules determined by the Committee and uniformly applied to all Participants. Such Participant shall continue to vest in said restored amounts from such date of reemployment at the rate described in Section 8.02. All rights to restoration of forfeited amounts shall lapse if this Plan is terminated as to affected persons who have not been reemployed before Plan termination.

SECTION 8.05 - A Participant who becomes entitled to receive a cash

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payment under the provisions of Section 8.01(a) or under the provisions of Section 8.01(g) may, prior to Termination of Employment for such reason and subject to the provisions hereinafter set forth, elect, in lieu of such cash payment, that the total number of Units and Shares in his Account be paid to him in 60, 120, 180 or 240 equal monthly installments commencing as of the last day of the month following the month in which the Participant's employment has been so terminated provided he is then living and provided further that the dollar value of the first such payment is not less than thirty dollars (\$30). The dollar amount of each such payment shall be equal to the dollar value of such Units and Shares as are to be paid in such

## BENEFITS

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installment, determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately preceding the date such payment is due. In the event that a Participant dies prior to the commencement date of his payments, the Participant's election of such method of payment shall become inoperative and a lump sum payment to his beneficiary shall be made. In the event that a Participant dies on or after the commencement date of such payments but before payment to him of all payments due him, the dollar value of the remaining balance of the Units and Shares in the Participant's Account shall be paid in one lump sum to the Participant's beneficiary as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of the death of such Participant. Election of such method of payment must be made in writing by Filing With The Committee prior to Termination of Employment. In the event that a Participant chooses to revoke his election of such method of payment after the commencement date of such payments but before payment to him of all payments due him, he may elect, in writing, to revoke his previous election of such method of payment by Filing With The Committee. In such event, the dollar value of the remaining balance of the Units and Shares in the Participant's Account shall be paid in one lump sum to the Participant as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1,

BENEFITS

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1990 "preceding" shall be substituted for "following") the date of such election or revocation. Notwithstanding anything to the contrary contained herein, such monthly installment payments shall be suspended when a Participant is rehired by the Corporation and elects to resume Elective Deferrals to the Plan. Upon subsequent Termination of Employment such Participant may elect any optional form of payment under the Plan for which he is eligible. Notwithstanding any other provision of this Section to the contrary, the period of such installment payments may not extend beyond the life expectancy of the Participant or the joint life expectancies of the Participant and his spouse.

SECTION 8.06 -

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(a) All distributions from this Plan to a Participant (or to his beneficiary following the Participant's death) shall be made in accordance with the legal requirements set forth in Sections 401(a)(9), 401(k), and related provisions of the Code and Treasury Regulations issued pursuant to such provisions, notwithstanding any provision in this Plan to the contrary.

(b) A Participant's Account shall be distributed within sixty (60) days of such Participant's Termination of Employment if the Participant so consents in writing at the time of his Termination of Employment. If a Participant fails to give such written consent at such time, his Participant's Account shall not be distributed before such Participant attains age sixty-five (65). Subject to the

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foregoing, distribution shall be made or commenced not later than the sixtieth (60th) day after the close of the Plan Year in which the latest of the following events occurs:

(1) The Participant attains the earlier of age sixty-five (65) or becomes eligible to receive normal retirement benefits under a Lockheed Retirement Plan;

(2) There occurs the tenth (10th) anniversary of the year in which the Participant commenced participation in the Plan; or

(3) The Participant has a Termination of Employment.

(c) Notwithstanding any other provisions of this Plan, distribution of a Participant's Account must commence by the Participant's "Required Beginning Date", except as provided in Section 8.06(d), and shall be made in accordance with the provisions of Section 8.08.

(1) A Participant's Required Beginning Date for purposes of this Plan shall be the December 31 of the calendar year in which the Participant attains age 70-1/2.

(2) Notwithstanding the provisions of paragraph (1), the Required Beginning Date for a Participant who is not a "five percent owner" within the meaning of Section 416(i) of the Code and who attains age 70-1/2 in calendar year 1988 or 1989 shall be April 1, 1990.

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(3) Notwithstanding the provisions of paragraphs (1) and (2), the Required Beginning Date for a Participant who is not a "five percent owner" within the meaning of Section 416(i) of the Code and who attained age 70-1/2 prior to January 1, 1988 shall be the April 1 next following the Participant's Termination of Employment. However, a Participant described in this Section 8.06(c)(3) may, by Filing With the Committee within the one-time election period established by the Committee, irrevocably elect April 1, 1990 as his Required Beginning Date.

(d) If an amount payable under any provision of this Plan cannot be clearly ascertained or the person to whom it is payable has not been determined or located, distributions shall be made or commenced no later than sixty days after such amount is ascertained or such person is located.

SECTION 8.07 - A Participant, or his beneficiary, who becomes entitled

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to receive a cash payment under the provisions of Sections 8.01, 8.02, 8.05, 8.06, 8.08 or 9.01 and whose Participant's Account is invested in part in the Lockheed Martin Stock Fund or ESOP Fund, may elect, by Filing With The Committee, to receive such part of his distribution either entirely in cash or entirely in the form of Share certificates (with fractional Shares paid in cash). The number of Shares distributed shall be calculated by:



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(a) dividing the dollar value of the Units in the Participant's Account allocated to the Lockheed Martin Stock Fund as of the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of Termination of Employment by the published composite closing price per Share on said Valuation Date, and adding

(b) the number of Shares allocated to the Participant's Account as of the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of Termination of Employment.

Distribution of such Shares will be made, at the direction of the Trustee(s), by the duly appointed transfer agent of Lockheed Corporation. Notwithstanding the provisions of Section 12.07, distributions effected by stock certificates cannot be reinvested in the Plan. In the absence of any valid election under this Section, such distribution will be made in cash.

Section 8.08 -

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(a) (1) A Participant who, pursuant to the provisions of Section 8.06(c)(1), is subject to a mandatory distribution from his Participant's Account prior to his Termination of Employment shall receive five (5) annual cash payments, calculated as provided in Section 8.08(g), commencing as of the month in which his Required Beginning

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Date occurs, provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(2) A Participant who becomes entitled to installment payments under Section 8.08(a)(1) may, prior to his Required Beginning Date and subject to the provisions hereinafter set forth, elect to receive in lieu of such five (5) annual installment payments

(i) a lump sum cash payment equal to the dollar value of the balance of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date occurring in October of the year in which his Required Beginning Date occurs, or

(ii) ten (10) annual cash payments, calculated as provided in Section 8.08(g), commencing as of the month in which his Required Beginning Date occurs provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(b) (1) A Participant who, pursuant to the provisions of Section 8.06(c)(2), is subject to a mandatory distribution from his Participant's Account prior to his Termination of Employment, or who has so elected such a distribution pursuant to Section 8.06(c)(3), shall receive five (5) annual cash payments calculated as provided in Section 8.08(g), commencing as of the month preceding the

BENEFITS

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month in which his Required Beginning Date occurs provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(2) A Participant who becomes entitled to installment payments under Section 8.08(b)(1) may, prior to his Required Beginning Date and subject to the provisions hereinafter set forth, elect to receive in lieu of such five (5) annual installment payments

(i) a lump sum cash payment equal to the dollar value of the balance of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date occurring in January of the year in which his Required Beginning Date occurs, or

(ii) ten (10) annual cash payments, calculated as provided in Section 8.08(g), commencing as of the month preceding the month in which his Required Beginning Date occurs provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(c) Annual installment payments due to a Participant pursuant to the provisions of Sections 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), or 8.08(b)(2)(ii) (other than the initial payments described in Sections 8.08(b)(1) and 8.08(b)(2)(ii)) shall be paid to the Participant in December of each applicable year. Following payment of the last such

BENEFITS

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annual installment, the Participant will be paid each December prior to his Termination of Employment the cash amount equal to the dollar value of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date occurring in October of the year in which such distribution occurs. A Participant who elected to receive a lump sum payment pursuant to Section 8.08(a)(2)(i) or 8.08(b)(2)(i) shall be paid each December subsequent to such lump sum distribution and prior to his Termination of Employment a cash amount as calculated in the preceding sentence.

(d) In the event that a Participant dies prior to the commencement of installment payments pursuant to Section 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), or 8.08(b)(2)(ii), the installment method of payment shall become inoperative and a lump sum payment shall be made to his beneficiary. In the event that a Participant dies on or after the commencement date of such payments, but before payment to him of all payments due him, the dollar value of the remaining balance of the Units and Shares in the Participant's Account shall be paid in one lump sum to the Participant's beneficiary as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of the death of such Participant.

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(e) A Participant receiving installment payments under the provisions of Sections 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), or 8.08(b)(2)(ii) may irrevocably elect to cancel his installment payments and receive, in lieu of his next scheduled December installment payment, a lump sum cash payment in an amount equal to the value of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 as of the Valuation Date occurring in October of the year in which the lump sum distribution is made. A Participant's election to so cancel his installment payments will be valid only if it has been Filed With The Committee for at least sixty (60) days prior to the December installment distribution date.

(f) A Participant receiving payments pursuant to this Section 8.08 may, upon Termination of Employment, elect any form of optional benefit payment then available under the Plan, provided such form of payment meets the requirements of Code Section 401(a)(9). The Committee may deny the optional benefit form selected by the Participant or adjust it in any manner necessary to arrive at a form of payment which meets the requirements of the Code.

(g) Annual installment payments payable pursuant to the provisions of Sections 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), and 8.08(b)(2)(ii) shall be calculated by dividing the balance of Units and Shares in the Participant's Account on the last day of the calendar year

BENEFITS

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prior to the calendar year in which the distribution date occurs (as determined under Sections 6.01 and 6.02 and less any distributions previously made to the Participant in the same calendar year by reason of this Section 8.08) by the number of installment payments not yet distributed and either

(1) valuing the resulting number of Units and Shares as provided in Sections 6.01 and 6.02 as of the October Valuation Date immediately preceding the December distribution date, or

(2) valuing the resulting number of Units and Shares as provided in Sections 6.01 and 6.02 as of the January Valuation Date immediately preceding the April distribution date, whichever is applicable.

SECTION 8.09

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(a) This Section 8.09 applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section 8.09, a Distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

(b) For purposes of this Section 8.09, an "Eligible Rollover Distribution" is any distribution of all or any

BENEFITS

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portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include:

(1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten years or more;

(2) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and

(3) the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

(c) For purposes of this Section 8.09, an "Eligible Retirement Plan" is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement

BENEFITS

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Plan is an individual retirement account or individual retirement annuity.

(d) For purposes of this Section 8.09, a "Distributee" includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse.

(e) For purposes of this Section 8.09, a "Direct Rollover" is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee."



SECTION 9

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PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS  
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SECTION 9.01 - Notwithstanding other provisions of the Plan to the  
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contrary, a Participant may withdraw a part or all of the dollar value of the balance of Units and Shares of Thrift Stock in his Participant's Account attributable to (i) his After-Tax Contributions, (ii) contributions made by the Corporation under the Plan as in effect prior to December 26, 1983, and (iii) Corporation Matching Contributions that are not ESOP Contributions to the extent vested under the provisions of Sections 8.02(a)(3), (4) or (5) or 8.02(b), subject to the following conditions and limitations:

(a) Such withdrawal will be permitted only once every twenty-six (26) weeks;

(b) Such withdrawal may not be in an amount less than three hundred dollars (\$300), and any larger amount must be added in increments of fifty dollars (\$50). If the entire amount subject to withdrawal under this Section 9.01 is less than three hundred dollars (\$300), such amount may be withdrawn, but only in its entirety;

(c) Corporation Matching Contributions may be withdrawn under this Section 9.01 only to the extent they are vested and were made prior to the twenty-four (24) month period ending on the effective date of the withdrawal; and

WITHDRAWALS AND LOANS

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(d) A Participant may not withdraw any part of the dollar value in his Participant's Account attributable to ESOP Contributions.

A withdrawal under this Section 9.01 will first be deducted from the dollar value of the balance of Units and Shares in his Participant's Account which were credited with respect to After-Tax Contributions determined as provided in Sections 6.01 and 6.02 on the Valuation Date of the month in which the application for withdrawal is Filed With The Committee (prior to July 1, 1990 "coincident with or immediately preceding the date of such withdrawal" shall be substituted for "of the month in which the application for withdrawal is Filed With The Committee"). In the event the amount withdrawn, if any, is less than or no more than equal to the total amount of actual After-Tax Contributions (without earnings or capital appreciation), a Participant making such withdrawal shall not be entitled to receive the Corporation Matching Contributions described in Section 4.01 for a period of thirteen (13) weeks next following such withdrawal. In the event the amount withdrawn, together with amounts previously withdrawn, if any, exceeds the total amount of actual After-Tax Contributions, and thereby includes all or part of the earnings or capital appreciation on such Participant's After-Tax Contributions or includes all or part of the contributions made by the Corporation prior to December 26, 1983 or Corporation Matching Contributions available for withdrawal under this Section 9.01, a Participant making such

WITHDRAWALS AND LOANS

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withdrawal shall not be entitled to receive the Corporation Matching Contributions described in Sections 4.01 for a period of twenty-six (26) weeks next following such withdrawal.

SECTION 9.02 - Upon withdrawal under Section 9.01 or 9.03, the number

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of Units or Shares equivalent to the Unit or Share value of dollars so withdrawn on the Valuation Date of the month in which the application for withdrawal is Filed With The Committee (prior to July 1, 1990 "coincident with or immediately preceding the date of such withdrawal" shall be substituted for "of the month in which the application for withdrawal is Filed With The Committee") shall be deducted from the Units and Shares then in such Participant's Account. Such deductions shall be based on the dollar value of Units and Shares credited to the Bond Fund, Thrift Stock in the ESOP Fund, the Lockheed Martin Stock Fund, the Securities Fund and/or the STIF Fund in the same proportion as the dollar value of such Units and Shares in such Participant's Account are at such time credited to each Fund.

SECTION 9.03

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(a) (1) A Participant who is not eligible to make a withdrawal under Section 9.01 because of the provisions of Section 9.01(a), may withdraw amounts otherwise available under Section 9.01 and Elective Deferral amounts (but not earnings on Elective Deferral amounts) only as may be required to relieve financial hardship.

(2) A Participant with a financial hardship may withdraw amounts available under Section 9.01 and Elective

WITHDRAWALS AND LOANS

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Deferral amounts (but not earnings on Elective Deferral Amounts) to relieve the hardship without first making a withdrawal under the provisions of Section 9.01 which would result in suspension of Corporation Matching Contributions.

(3) Elective Deferral amounts may be withdrawn only after the Plan Account balances available under Section 9.01 have been totally withdrawn under Section 9.01 or this Section 9.03. Effective April 1, 1989, an application for a withdrawal under this Section 9.03 shall be considered by the Committee only if the Participant provides written evidence that he has one or more of the immediate and heavy financial needs described in subsection (b) and that the withdrawal is necessary to satisfy the need as described in subsection (c). A hardship withdrawal will be granted only if the Committee, after considering all relevant facts and circumstances and applying the objective standards of this Section 9.03 in a nondiscriminatory manner, determines the existence of an immediate and heavy financial need and the amount necessary to meet the need.

(b) An immediate and heavy financial need exists only if the requested withdrawal is to satisfy:

(1) non-reimbursed medical expenses described in Code Section 213(d) (generally, those for "medical care") incurred by the Participant, his spouse or any of his dependents,

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(2) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence,

(3) non-reimbursed expenses directly related to a fire, explosion, flood, wind, rain, lightning, snow, sleet, hail, ice, volcanic eruption, tidal wave, earthquake, mudslide or other similar natural disaster,

(4) non-reimbursed expenses not described in subsection (1) above which are directly related to the institutionalizing of the Participant, his spouse or any of his dependents in a hospital, facility for the care or education of the mentally or physically handicapped, nursing home, skilled care facility, hospice, in-patient substance abuse center, rehabilitation center, or institution of a similar nature, but not including camps, detention centers, jails, or prisons,

(5) non-reimbursed expenses directly related to the burial of the Participant's spouse or any of his dependents (determined without regard to the support and residency tests of Section 9.03(e)(1)(i) and (ii)), including travel expenses only if the burial costs have been borne by the Participant, and excluding wages lost due to administering an estate, preparing for a funeral, or attending a funeral.

WITHDRAWALS AND LOANS

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(6) non-reimbursed tuition, room and board, books, and fees for the next semester or quarter of primary (grades 1 through 8), secondary (grades 9 through 12), or post-secondary education for the Participant, his spouse, or any of his dependents, excluding expenses related to enrollment in child care or day care facilities and for instruction in music, dance, athletics, and the like which is outside of the student's basic education curriculum,

(7) the need to replace gross wages (net of disability benefits, workers compensation insurance or any other payment received as a result of prolonged absence) ordinarily paid by the Employer to the Participant, but only if

a. the Participant has been on prolonged absence status for a period of at least four consecutive weeks, and

b. the Participant makes a request for withdrawal by Filing With The Committee while on prolonged absence status or within 30 days after returning to active payroll status or within 30 days after prolonged absence status has otherwise been terminated, or

(8) down payment, closing costs and other non-reimbursed expenses directly related to the purchase, construction, or major renovation of the principal

residence for the Participant, but not including expenses related to repairs, remodeling, decorating, landscaping, refinancing, mortgage payments, leasing, or real property taxes or homeowners dues other than such taxes or dues payable as part of closing costs. For purposes of this Section 9.03(b)(8), a residence shall be treated as undergoing a major renovation only if the expenditures materially extend the useful life of the residence and significantly upgrade its usefulness through

a. gutting and extensive reconstruction of major structural components,

b. cure of a substantial accumulation of major disrepairs, limited to expenses necessary to bring major housing components and systems into compliance with local building, health or safety codes or otherwise make the dwelling habitable,

c. changing the floor plan by means of tearing down existing interior walls and partitions and building new walls, partitions, and doors,

d. enlarging the dwelling by increasing the total volume, other than an increase in interior floor space resulting from interior remodeling, or

WITHDRAWALS AND LOANS

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e. completion of construction of areas left unfinished in the original construction of the dwelling.

(c) A withdrawal is necessary to satisfy an immediate and heavy financial need only if

- (1) the amount withdrawn does not exceed the amount of the need,
- (2) the need cannot be relieved through reimbursement or compensation by insurance, workers compensation, unemployment insurance, disability payments, scholarships, grants, or otherwise,
- (3) the need cannot be relieved by cessation of Elective Deferrals under the Plan,
- (4) the need cannot be relieved by other distributions or nontaxable (at the time of the loan) loans currently available from any plans maintained by the Corporation (including this Plan) or any other employer,
- (5) the need cannot be relieved by borrowing from commercial sources on reasonable commercial terms, and
- (6) the need cannot be relieved by reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need.

The provisions of paragraphs (4), (5) and (6) of this Section 9.03(c) shall not apply to a withdrawal of amounts



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available under Section 9.01. However, a Participant requesting a hardship withdrawal of amounts available under Section 9.01 must establish that the amount requested is not reasonably available from other sources.

(d) For purposes of Section 9.03(c)

(1) The Participant's resources shall be deemed to include those assets of his spouse and minor children that are reasonably available to the Participant, including assets held as community property, joint tenants, tenants by the entirety, or tenants in common, but excluding property held for the Participant's child under an irrevocable trust or under the Uniform Gifts to Minors Act.

(2) Liquidation of the following assets will be considered an "unreasonable liquidation" and will not be required as a prerequisite to a withdrawal under Section 9.03:

(i) The Participant's aggregate interest in real property or personal property that the Participant, his spouse or any of his dependents uses as a principal residence, or in a cooperative that owns property that the Participant, his spouse or any of his dependents, uses as a principal residence.

(ii) The Participant's interest in motor vehicles, excluding recreational vehicles, used by

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the Participant, his Spouse, or any of his dependents for transportation to and from a school or place of employment.

For purposes of this paragraph (d)(2) "Participant's interest" includes the interests of the Participant's spouse and minor children described in paragraph (d)(1) above.

(e) Except as expressly provided otherwise, for purposes of this Section 9.03, "dependent" means

(1) the Participant's child (including an adopted child), grandchild, stepchild, brother, sister, halfbrother, halvesister, stepbrother, stepsister, parent, grandparent, stepparent, aunt, uncle, niece, nephew, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and any other individual (including a cousin) whose principal place of abode is the Participant's home and who is a member of the Participant's household without being in violation of local law if

(i) the relative or other individual is a citizen, resident, or national of the United States or a resident of Canada or Mexico and

(ii) the Participant provides more than one-half of the relative's or other individual's support, and

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(2) any other individual who is the Participant's dependent within the meaning of Code Section 152.

(f) The Committee shall be entitled to rely, without the need for independent certification, on the authenticity of all documents submitted by the Participant in support of his application under this Section 9.03 and on the truthfulness of the facts and representations set forth by the Participant in such application.

SECTION 9.04 -  
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(a) The Committee shall have the investment management discretion to direct the Trustee to lend money to Participants. Each such loan shall be treated as an investment of a portion of the Trust Funds representing the borrowing Participant's Account. The Committee may, upon a finding that such actions are necessary or desirable, establish loan policies which permit the waiver of defaults or which establish any loan procedures or requirements which are not inconsistent with this Section.

(b) A Participant who wishes to borrow money from the Plan shall file a written loan application with the Committee. The Committee, in its sole fiduciary discretion, shall approve the loan unless it determines that such investment of Trust Fund assets is not in the best interest of Plan Participants and beneficiaries. The Committee shall exercise its discretion in a uniform and nondiscriminatory

WITHDRAWALS AND LOANS

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manner. A loan shall be granted only under the following requirements and conditions.

(1) Beginning October 1, 1989, no loan shall be made in an amount which exceeds the combined value of the Participant's Elective Deferral amount and After-Tax Contributions amount and no loan shall be made in an amount which exceeds fifty percent (50%) of the value of the vested portion of the Participant's Account. In addition, no loan shall be made in an amount greater than \$50,000 (reduced by the Participant's highest outstanding loan balance during the preceding 12-month period under this or any other qualified pension benefit plan of the Corporation).

(2) No loan shall be made to a Participant who has a loan outstanding under this or any other qualified pension benefit plan of the Corporation.

(3) The loan shall bear interest at an annual percentage rate (rounded to the nearest one-half of one percentage point) equivalent to the weekly average yield, adjusted for constant maturity, on five-year Treasury notes. The rate shall be established semi-annually as of the last week of November for loans made in the first six-month period of the following Plan Year; and as of the last week of May for loans made in the last six months of the current Plan Year.

## WITHDRAWALS AND LOANS

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(4) The minimum loan amount shall be \$500, except that the minimum loan amount for a Residential Loan shall be \$1,000. Any additional amounts must be in \$100 increments. A Residential Loan is a loan made to a Participant which is used to acquire any dwelling unit which is to be used within a reasonable period of time, as the principal residence of the Participant. An application for a residential loan must contain such documentation as is satisfactory for the Committee to verify the purpose of the loan.

(5) Interest and principal on a loan must be repaid through authorized payroll deduction in equal installments of at least \$10 per week over one or more whole-year (52-week) periods. The maximum repayment period shall be four years (208 weeks), except that the maximum repayment period for a Residential Loan shall be 15 years (780 weeks). The maximum weekly repayment amount may not exceed twenty-five percent (25%) of the Participant's Weekly Rate of Compensation. One pick-up payment per week, for a maximum of thirteen consecutive weeks, is required for a Participant whose repayments are in arrears because of insufficient earnings. Repayments will be invested in the Fund or Funds specified by the Participant for current Elective Deferrals, or otherwise the most recent Elective

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Deferral specification by such Participant, as shown on the records of the Trustees.

(6) The Loan shall be documented by such application forms, notes, evidences of indebtedness and other instruments, executed by the Participant, which the Committee in its discretion shall require. A loan fee in the amount which is the greater of \$25 (\$50 in the case of a Residential Loan) or one-half of one percent of the amount of the loan shall be added to the payments made on the loan in a manner determined by the Committee. The spouse of a married Participant must consent to the loan application.

(7) A Participant is not eligible to apply for a loan until 13 weeks have expired following the repayment in full of a previous loan. This restriction is not applicable with respect to a loan for the purpose of refinancing an existing loan.

(8) A Participant will not be permitted to refinance a loan during the initial year of the loan, and may do so only once thereafter. A refinancing loan shall be subject to the same terms and conditions currently applicable to new loans, except the term thereof cannot extend beyond five (5) years from the date the loan was originally made, or, in the case of a Residential Loan, five (5) years beyond the original maturity date thereof.

WITHDRAWALS AND LOANS

(9) A Participant will be permitted to prepay a loan:

a. At anytime after the loan has been in effect for 13 weeks; or

b. Within the 30-day period preceding the Participant's Termination of Employment. Any prepayment must be in the amount of the full outstanding loan balance.

(10) A Participant who is on an authorized leave of absence without pay may elect to continue repayments during such period. Such repayments may be made either weekly or monthly in the full amount due at such time of repayment. Upon return to the active payroll, a Participant who has not kept his repayments current may have the term of his loan extended by the number of weeks such repayments were not made, except that such extension will not be permitted if the term would extend beyond five (5) years from the date the loan was originally made, or in the case of a Residential Loan, five (5) years beyond the original maturity date thereof.

(11) A Participant shall be in default of a loan if such Participant:

a. is an active Employee who has insufficient earnings to make a repayment for 13

WITHDRAWALS AND LOANS

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consecutive weeks, or is otherwise 13 weeks or more in arrears in such weekly repayments; or

b. is an Employee returning from an authorized leave of absence without pay whose loan term cannot be extended pursuant to Subsection 9.04(b)(10) and who:

(i) does not pay all arrearages in a lump sum, or

(ii) is unable to pay up all arrearages through 13 consecutive pick-up payments, and fails to refinance the loan; or

c. has filed for relief under the U.S. Bankruptcy Code.  
(12) A Participant who is in default of a loan:

a. will be suspended from making Elective Deferrals for a period commencing on the date of default and ending on the later of:

(i) one year from such date, or

(ii) the date on which the outstanding loan balance is repaid by a single lump sum payment; and

b. will be ineligible to apply for a new loan for a period commencing on the date of default and ending on the later of

(i) one year from such date, or



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(ii) thirteen (13) weeks following the repayment in full of the loan.

(13) Loan proceeds shall be deducted from the borrowing Participant's Account, based upon the Valuation Date of the month in which the loan is approved by the Committee. However, prior to July 1, 1990, loan proceeds shall be deducted from the borrowing Participant's Account based upon the Valuation Date coincident with or immediately preceding the date on which the Participant Files With The Committee the promissory note evidencing the loan debt. Loan proceeds will be deducted based on the dollar value of the Units and Shares credited to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and/or the ESOP Fund in the same proportion as the dollar value of such Units and Shares in such Participant's Account are at such time credited to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and/or the ESOP Fund.

(14) Each loan from the Plan shall be secured by the borrowing Participant's Account in the Plan. If a Participant has a Termination of Employment before the loan is repaid, the loan shall become due immediately and shall be repaid out of the Participant's Account, which shall be reduced accordingly.

WITHDRAWALS AND LOANS

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(15) All repayments, other than by authorized payroll deductions, shall be made by certified check or money order payable to the order of The Corporation, and delivered to a Plan Representative.

SECTION 10  
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DEATH BENEFITS  
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SECTION 10.01 Spousal Consent.  
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In the event a Participant dies on or after August 23, 1984, such Participant's Account under the Plan will be paid to his or her surviving spouse or to his or her designated beneficiary if there is no surviving spouse. If there is a surviving spouse and the Participant and spouse wish that death benefits under this Plan be paid to a designated beneficiary, the Participant may designate a beneficiary to receive his or her Participant's Account in lieu of the spouse but only with spousal consent of the person who is the spouse at the time of the Participant's death. Spousal consent will only be valid if it is made in writing on a form prescribed by the Committee, the spouse acknowledges the effect of the consent and the acknowledgement is witnessed by a Plan representative or a notary public. If the existence of a surviving spouse is uncertain or if the validity of spousal consent is unclear, the Committee shall withhold payment of death benefits until such time as spousal existence or the validity of spousal consent can be determined with certainty. The Committee in its discretion may refuse to recognize a spousal consent if it believes for any reason that the consent is invalid.

DEATH BENEFITS

SECTION 10.02 Designation of Beneficiary or  
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Beneficiaries.  
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Subject to the provisions of Section 10.01, a Participant may designate in writing a beneficiary or beneficiaries. The terms "beneficiary" or "beneficiaries" shall mean any person or persons so designated by a Participant to receive benefits to which such Participant may be entitled under the Plan upon his death. If more than one beneficiary is named, the Participant may specify the sequence and/or proportion in which payments shall be made to each beneficiary. In the absence of a specification of either sequence or proportion, payments shall be made in equal shares to all named beneficiaries. All such designations shall be made by Filing With The Committee. In the absence of such designation which is effective, payments shall be made in accordance with applicable law. When payment has been made in accordance with the foregoing provisions, there shall be no further liability of the Corporation, the Trustees, or any other person or legal entity to anyone in connection with such deceased person under the Plan.

SECTION 11  
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NAMED FIDUCIARIES  
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AND  
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ALLOCATION OF RESPONSIBILITIES  
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SECTION 11.01 Named Fiduciaries.  
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The following persons shall be "Named Fiduciaries" under the Plan and Trust Agreements, and shall be the only Named Fiduciaries hereunder:

(a) The Trustee. Any Trustee designated hereunder shall be a bank or  
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trust company qualified under the laws of the United States or of any State to operate thereunder as a trustee.

(b) The Corporation, as Plan Sponsor. Any authority assigned or  
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reserved to the Corporation under the Plan and Trust Agreement shall be exercised by resolution of the Board of Directors or as otherwise provided at Section 13.01 of this Plan. Such a resolution shall become effective with respect to the Trustee upon receipt by the Trustee of a certified copy of such Board of Directors' resolution.

(c) The Committee, as Administrator of the Plan. The Committee shall  
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be appointed to serve as Administrator by resolution duly adopted by the Board of Directors. Whenever a Committee is so appointed, the Trustees shall be advised of the name or names of the person or persons so appointed by providing to the Trustees a certified copy of such Board of Directors' resolution, and the Trustees may assume that

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES  
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such person or persons shall continue in office until advised differently in the same manner. Whenever a Trustee must or may act upon the direction or approval of the Committee, the Trustee may act upon written communication signed by a majority of such Committee, or an agent appointed in writing by a majority of such Committee to act on the Committee's behalf, and the authority of any such agent shall be deemed to continue until revoked in writing. In such case, the Trustee shall not be responsible for failure to act without such a communication.

(d) The Participant, under Sections 4A.06 and 4A.07. A Participant  
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shall be a "Named Fiduciary" solely for purposes of tender and voting of Stock as provided in Sections 4A.06 and 4A.07.

SECTION 11.02 Allocation of Responsibilities.  
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Responsibilities shall be allocated among the Named Fiduciaries as

follows:

(a) Each Trustee shall, unless otherwise directed by an Investment Manager (if such has been appointed), have exclusive authority and discretion to manage and invest the assets of the Trust Fund, as provided in its Trust Agreement. Shares in the ESOP Fund shall be tendered, exchanged and voted as provided in Sections 4A.06 and 4A.07. Each Trustee shall further be responsible for the holding and disbursement of all contributions and income received by it under the Plan, as provided in its Trust Agreement, and

shall have such other responsibilities as are provided in such Agreement.

(b) Lockheed Corporation shall have the authority and responsibility for:

- (1) the design of the Plan and Trust Agreements, including amendment of the Plan and Trust Agreements;
- (2) the qualification of the Plan under applicable law;
- (3) the designation of members of the Committee; and
- (4) funding the Plan in accordance with applicable law and determinations of the Committee.

(c) The Committee shall have the responsibility, authority and discretion necessary to control the operation and administration of the Plan and Trust Fund(s) in accordance with the terms of the Plan and Trust Agreement(s), including, without limiting the generality of the foregoing:

- (1) all functions assigned to the Committee under the terms of the Trust Agreements;
- (2) all functions assigned to the Committee under the terms of the Plan;
- (3) determination of benefit eligibility and amount and certification thereof to the Trustees;
- (4) hiring of persons to provide necessary services to the Plan;

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES

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(5) issuance of directions to the Trustees to pay any fees, taxes, charges or other costs incidental to the operation and management of the Plan, as provided in Section 7.05;

(6) preparation and filing of all reports required to be filed by the Plan with any agency of Government;

(7) compliance with all disclosure requirements imposed by state or federal law;

(8) establishment of a funding policy within the meaning of Section 402(b)(1) of ERISA;

(9) maintenance of all records of the Plan other than those maintained by the Trustees;

(10) interpretation and construction of Plan provisions;

(11) establishment of procedures to be followed by Participants and beneficiaries for Filing With The Committee;

(12) the determination of the amounts needed to fund the Plan, and the payment of such amounts from corporate funds to the Trustees;

(13) the appointment, removal and replacement of the Trustees;

(14) the appointment, removal and replacement of one or more Investment Managers (as defined in Section 3(38) of ERISA or any other provision of ERISA



NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES  
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or other statute of similar import) which shall be responsible for the management of such of the assets of the Trust Fund as the Committee shall specify; and

(15) the exercise of all fiduciary functions provided in the Plan or in the Trust Agreements or necessary to the operation of either except such functions as are specifically assigned to other Named Fiduciaries. The Committee may adopt such rules to govern its own procedures as it may deem advisable, provided that such rules are not inconsistent with the provisions and purposes of the Plan or Trust Agreements. The Committee may designate other persons, including the Trustee(s), to carry out its duties and responsibilities, as it may deem appropriate or necessary. Effective January 1, 1993, the Committee for Employee Benefit Plans shall make annual reports to the Board of Directors on the operation and administration of the plan and trust funds. The report shall be made in the form and manner determined by the Board of Directors.

(d) Participants who have Shares credited to their Participants' Accounts shall make tender or exchange decisions and voting decisions with respect to Shares as provided in Sections 4A.06 and 4A.07.

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES

SECTION 11.03 Shared Responsibility of Fiduciary.

Each Named Fiduciary is allocated the individual responsibility for the prudent execution of the functions assigned to him, and none of such responsibilities or any other responsibility shall be shared by two or more of such Named Fiduciaries unless such sharing shall be provided by a specific provision of the Plan or a Trust Agreement. Whenever one Named Fiduciary is required by the Plan or a Trust Agreement to follow the directions of another Named Fiduciary, the two Named Fiduciaries shall not be deemed to have been assigned a shared responsibility, but the responsibility of the Named Fiduciary giving the directions shall be deemed his sole responsibility, and the responsibility of the Named Fiduciary receiving those directions shall be to follow them insofar as such instructions are on their face proper under applicable law.

SECTION 11.04 Fiduciary Assistance.

A Named Fiduciary may employ one or more persons to render advice concerning any responsibility such Named Fiduciary has under the Plan or Trust Agreement.

SECTION 11.05 Indemnification of the Committee.

To the extent permitted by law, Lockheed Corporation shall indemnify each member of the Committee and any employee of the Corporation who acts as an agent of the Committee, or who advises the Committee, against any and all expenses and/or liabilities arising out of his service or membership on the Committee, or service for or advice to the Committee.

SECTION 12  
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GENERAL PROVISIONS  
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SECTION 12.01 Corporation's Rights.  
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The existence of this Plan or any action hereunder and participation in the Plan shall in no way affect the Corporation's right to discipline, discharge, or take any other action with respect to employees.

SECTION 12.02 Assignment or Pledging of Plan  
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Benefits.  
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To the extent permitted by law:

No right or benefit provided for in this Plan shall be subject in any manner to anticipation, commutation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to anticipate, commute, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void. No such right or benefit shall be in any manner liable for or subject to the debts, contracts, liabilities, or engagements of any person entitled to such right or benefit. No such right or benefit shall be subject to garnishment, attachment, execution, levy or any other similar adverse legal process, or to bankruptcy or insolvency proceedings of any kind. If any person entitled to rights or benefits under the provisions of this Plan shall attempt to

GENERAL PROVISIONS

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anticipate, commute, alienate, sell, transfer, assign, pledge, encumber or charge any such right or benefit, or if any such right or benefit shall, notwithstanding the provisions of the preceding sentence, be subject, in whole or in part, to garnishment, attachment, execution, levy or any other similar adverse legal process, or to bankruptcy or insolvency proceedings of any kind, then in the sole discretion of the Committee such right or benefit or part thereof, as the case may be, shall cease and determine and in such event the Committee may hold or apply the same, in whole or in part, to or for the benefit of his spouse, children, next of kin or dependents, or any of them, in such manner and in such proportions as the Committee may deem proper. Any right or benefit so held or applied shall be deemed conclusively to have been held or applied, as the case may be, for the benefit of such person entitled to such right or benefit under the provisions of this Plan.

SECTION 12.03 Payment of Benefits to a Minor.

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If the Committee determines that any person entitled to payments under this Plan is a minor or incompetent by reason of physical or mental disability, it may cause all payments then due or thereafter becoming due to such person to be made or any

GENERAL PROVISIONS

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legally authorized person for his benefit, without responsibility to follow the application of amounts so paid. Payments made pursuant to this Section shall completely discharge the Committee, the Trustees, and the Corporation.

SECTION 12.04 Responsibility for Current Address.  
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Each Participant shall be responsible for furnishing the Committee with his current address and the name, current address, and social security number, if any, of his beneficiary if he has designated a beneficiary. Any notices required or permitted to be given hereunder shall be deemed given if directed to such address and mailed by regular United States First-Class mail. The Committee, the Trustees, and the Corporation shall have no obligation or duty to locate such Participant or his beneficiary. In the event a Participant or his beneficiary becomes entitled to a payment under this Plan and such payment cannot then be made because the current address referred to above is incorrect, because such Participant or beneficiary fails to respond to the notice sent to the current address referred to above, because of conflicting claims to such payment, or for any other reason, the amount of such payment, when and if made, shall be the dollar value of the Units and Shares in such Participant's Account with respect to such payment, as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately preceding the date such payment is actually made.

GENERAL PROVISIONS

SECTION 12.05 Claim for Benefits.

A claim for benefits shall be presented by Filing With The Committee. Any denial by the Committee of a claim for benefits under the Plan by a Participant or beneficiary shall be stated in writing by the Committee and delivered or mailed to the Participant or beneficiary. Such notice shall set forth the specific reasons for the denial and shall be written in a manner which may be understood without legal or actuarial counsel. Such notice shall also include a description of any material or information necessary for the Participant or beneficiary to perfect the claim, an explanation of why such material or information is needed, and an explanation of the Plan's review procedure. Within sixty days after the receipt of such notice, the Participant or beneficiary may, by Filing With The Committee, request review by the Committee of its initial denial of the claim. Such Participant or beneficiary shall be afforded the opportunity to review pertinent documents relating to the initial denial and submit issues and comments in writing to the Committee. The Participant or beneficiary may, at his expense, be represented by legal counsel during the review proceedings.

SECTION 12.06 Merger or Consolidation of Plan.

In the event of a merger or consolidation with, or transfer of assets and liabilities to, any other plan, each Participant must, if the Plan is then terminated, receive the benefit after the merger, consolidation or transfer of assets and liabilities which is equal to or greater than the benefit he

GENERAL PROVISIONS

would have been entitled to receive immediately before the merger, consolidation or transfer of assets and liabilities if the Plan had then terminated.

SECTION 12.07 Forfeiture of Undeliverable Benefit.

To the extent provided by law, if any benefit under the Plan cannot be paid because, after due diligence, the proper recipient cannot be located during the three (3) year period commencing on the date the benefit is first payable, the amount of the benefit shall be returned to the appropriate Trust Fund as a credit to Corporation Matching Contributions. If, however, a proper recipient subsequently makes a valid claim for such benefit, the amount of such benefit shall be restored to the Trust Fund by the Corporation and will be paid as provided in Section 12.04.

SECTION 12.08 Qualified Domestic Relations Order.

(a) This Plan will follow the terms of any qualified domestic relations order issued with respect to a Participant. However, the Plan will only follow orders which meet all of the requirements of subsection (b).

(b) A "qualified domestic relations order" is any judgment, decree or order, including the approval of a property settlement or agreement, provided that

(1) the order relates to the provision of child support, alimony or marital property rights and is made pursuant to state domestic relations or community property laws;

GENERAL PROVISIONS

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(2) the order creates or recognizes the existence of an alternate payee's right to receive all or a portion of a Participant's Account;

(3) the order specifies the name and last known mailing address of the Participant and each alternate payee covered by the order;

(4) the order specifies the amount or percentage of the Participant's Account to be paid to each alternate payee or the manner in which the amount or percentage is to be determined;

(5) the order specifies the number of payments or the period to which the order applies;

(6) the order specifically names this Plan as the plan to which the order applies;

(7) the order does not require this Plan to provide any type of benefits or form of benefits not otherwise provided under this Plan;

(8) the order does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined by the Committee to be a qualified domestic relations order; and

(9) if the order requires that payments to the alternate payee commence before they commence with respect to the Participant, the order specifies that payments will not commence before the Participant



GENERAL PROVISIONS  
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attains or would have attained the earliest allowable retirement age under the Plan.

A qualified domestic relations order may provide that a former spouse of the Participant is to be treated as a surviving spouse for purposes of the death benefit provisions of this Plan. Subsection (c) sets forth the procedures under which the Committee shall determine whether a domestic relations order properly qualifies.

(c) The Committee shall not treat any judgment, order or decree as a "qualified domestic relations order" unless it meets all of the requirements set forth in subsection (b). If the order meets these requirements, the Committee shall follow the terms of the order whether or not this Plan has been joined as a party to the legal proceeding out of which the order arises. Upon receipt of a domestic relations order, the Committee shall notify the Participant and alternate payee of (1) its receipt of the order and (2) its need to determine the qualified status of the order in accordance with subsection (b). The alternate payee may designate a representative to receive copies of future notices with respect to the qualified status of the order. To the extent an order calls for benefits to be paid to an alternate payee before the qualified nature of the order is determined, a separate account shall be established to hold the benefit payments affected by the order. This account

GENERAL PROVISIONS

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shall be administered in accordance with the rules set forth in Section 206(d)(3)(H) of ERISA.

Section 12.09 Rollover Contributions.  
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An Eligible Employee, regardless of whether he has satisfied the eligibility requirements of Section 3 who has received a distribution from a plan which meets the requirements of Section 401(a) of the Code may, with the approval of and in accordance with procedures approved by the Committee, transfer the distribution received from the other plan to the Trustee; provided that the distribution is eligible for rollover treatment and exclusion from the gross income of the Employee in accordance with applicable law.

SECTION 13

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AMENDMENT OR TERMINATION OF THE PLAN  
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SECTION 13.01 Right to Amend Plan.  
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Effective January 1, 1993, the Corporation reserves the right to amend, modify, suspend or terminate the Plan by action of the Board of Directors. In cases where amendments are necessary to implement changes not affecting the overall functioning of the Plan, such as extending Plan provisions to new companies, changing benefit levels for the employees at such companies, or as required to permit the plan and trust to meet the changes that are sometimes required by collective bargaining agreements, federal law, government customer requirements and to maintain competitive programs to attract and retain employees; and such changes will not, in the judgment of the Lockheed Corporation Senior Salary Board, substantially alter the nature or expense of the affected plan, then the power to amend the Plan shall be delegated to the Corporate Senior Salary Board under guidance from counsel. Any modification or amendment of the Plan may be made retroactive to the effective date, if necessary or appropriate, for the Plan to qualify and continue to qualify under the Code, provided, however, that no modification or amendment shall be made which shall make it possible for any part of the Trust Fund(s) to be used for, or diverted to, purposes other than for the benefit of those entitled to benefits hereunder.

SECTION 13.02 Termination of Plan - Benefits.

Although the Corporation hopes and expects to continue the Plan indefinitely the Board of Directors may terminate the Plan for any reason at any time, except as provided in any agreement with a collective bargaining agent. If the Plan is terminated, each Participant or former Participant shall fully vest and shall receive a payment equal to the value of his Participant's Account at the date of distribution. Whenever reference is made in this Section to termination of the Plan this shall mean formal termination of the Plan by appropriate action of the Corporation or by virtue of complete discontinuance by the Corporation of contributions called for by the Plan as the term "complete discontinuance of contributions under the plan" is used in Section 411(d)(3) of the Code and the regulations promulgated thereunder. Cessation of Corporation Matching Contributions to the ESOP Feature by reason of the application of any ESOP Ending Date shall not be a complete discontinuance of contributions which causes full vesting of Participants' Accounts, provided Corporation Matching Contributions continue to be made under other provisions of the Plan.

SECTION 13.03 Partial Termination of the Plan.

If the Committee determines in its sole discretion that the Plan has been partially terminated, within the meaning of regulations under Code Section 411, the Committee shall determine the date of such termination and who has been affected by the termination. The Participant's Account of all Participants

AMENDMENT OR TERMINATION OF THE PLAN

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affected by the termination who were Employees on the date thereof shall become fully vested and the unvested portion of the Participant's Account of all other affected Participants shall be forfeited. Such Participant's Accounts, to the extent vested, shall remain payable under the terms of the Plan.

SECTION 14

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TOP HEAVY RULES

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SECTION 14.01 Special Rules for Top Heavy Plan.

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(a) If this Plan is or ever becomes "top heavy," as determined under subsection (b), the following special rules shall apply and (for purposes of this Section only, any person excluded from the Plan solely because of the person's failure to make Elective Deferrals shall be considered a Participant):

(1) For any Plan Year in which the Plan is top heavy, each Eligible Employee who is an Employee on the last day of the Plan Year shall receive an allocation of Corporation contributions (including his Elective Deferrals) and forfeitures at least equal to three percent of the Eligible Employee's earnings (as defined in Section 5.02(c)(3)) for the Plan Year.

If an Eligible Employee under this Plan is also covered by another defined contribution plan maintained by the Corporation for the same Plan Year, this Plan and all such other defined contribution plans shall be aggregated in determining whether the minimum benefit required under the Plan is also covered by another defined contribution plan maintained by the Corporation for the same Plan Year, this Plan and all such other defined contribution plans shall be aggregated in determining whether the minimum benefit required under Internal Revenue Code Section 416(c)(2) is

TOP HEAVY RULES

provided for the Eligible Employee under this Plan. If an Eligible Employee in this Plan is also covered by a defined benefit plan maintained by the Corporation for the same Plan Year and the minimum benefit required under Internal Revenue Code Section 416(c)(1) is being provided under such other plan for the Plan Year if it is not provided under this Plan, minimum benefits under this paragraph need not be provided for the Eligible Employee if the Committee so elects.

(2) For purposes of determining an Eligible Employee's allocation of Corporation Matching Contributions and forfeitures under Section 4.01 and paragraph (1), Elective Deferrals with respect annual to earnings (as defined in Section 5.02(c)(3)) in excess of \$200,000 (or such other amount prescribed under Code Section 416(d) shall be ignored for any Plan Year in which the Plan is top heavy.

(3) All Corporation-provided benefits under this Plan accruing through the end of the Plan's last top heavy year shall vest in accordance with the following schedule:

| Years of Service | Vested Percentage |
|------------------|-------------------|
| (at least) 2     | 20%               |
| 3                | 40%               |
| 4                | 60%               |
| 5                | 80%               |
| 6 (or more)      | 100%              |

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The unvested portion of the Corporation Matching Contributions Account of a Participant who resigns or is discharged shall be forfeited on the last day of the Participant's first Break in Service after such resignation or discharge. If a Participant who resigns or is discharged again becomes an Employee before he or she has a Break in Service, the unvested portion of the Participant's Account shall not be forfeited. Thereafter, any allocations for the individual's benefit of Corporation Matching Contributions and forfeitures, and the gains and losses thereon, shall be made to his or her existing Corporation Matching Contribution Account. A former Employee's Vested percentage shall not be determined under this paragraph unless he again becomes an Employee before the unvested portion of his Corporation Matching Contribution Account is permanently forfeited under the terms of this Plan. If a Participant received a distribution from his or her Corporation Matching Contribution Account before it was fully vested, the Participant's vested interest in that Account shall not be determined under Section 8.02 after his rehire. Instead, his vested interest in that Account shall be the amount that would then be vested under Section 8.02 if his Corporation Matching Contribution Account were increased by the amount previously distributed, but



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with such vested amount being reduced by the amount of the prior distribution. When the Plan ceases to be top heavy, vesting in benefits accruing thereafter shall continue to be determined in accordance with this special vesting provision for a Participant who has five (5) or more Years of Service when the Plan ceases to be top heavy. The Committee shall establish appropriate procedures consistent with the other vesting provisions of this Plan for administering this special vesting rule. However, no Participant's vested interest in his Corporation Matching Contribution Account at the time the Plan ceases to be top heavy shall be reduced solely as a result of the Plan ceasing to be top heavy.

(4) Notwithstanding any provisions in the Plan to the contrary, the account of a key employee must be distributed to the key employee no later than in or commencing in the key employee's taxable year in which he attains age 70-1/2.

(b) This Plan is "top heavy" for a Plan Year commencing after December 31, 1983 if, as of the last day of the preceding Plan Year (the "determination date"), the amount credited to the Accounts of key employees (as defined in subsection (c)) exceeds sixty percent of the amount credited to the Accounts of all Employees. The Account of (1) a former key employee or (2) any current or former

TOP HEAVY RULES

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Employee who has not performed any Service for the Corporation during the five-year period ending on the determination date shall be excluded in determining whether the Plan is top heavy. However, if a current or former Employee resumes performing Services after the five-year period, his Account shall be included in determining whether the Plan is top heavy. Notwithstanding the foregoing, if, as of the determination date described above, this Plan is part of an "aggregation group," this Plan shall be top heavy if the group is top heavy. An "aggregation group" shall include all plans of the Corporation in which a key employee participates and each other plan of the Corporation which enables any such plan to meet the requirements of Code Section 401(a)(4) or 410. The Corporation may treat any plan not required to be included in an aggregation group as part of that group if the inclusion of the plan would not prevent the aggregation group from meeting the requirements of Code Section 401(a) or 410. The rules set forth above for determining whether this plan is top heavy shall be applied with respect to the sum of benefits provided under all plans in the aggregation group to determine whether the group is top heavy. For purposes of determining whether this Plan is top heavy, the amount credited to a Participant Account shall be determined as of the last valuation date coincident with or preceding the determination date, and shall include the aggregate distributions (without interest

thereon) made under the Plan to a Participant (other than a former key employee) during the five year period ending on the determination date. Deductible (IRA-type) employee contributions and rollovers (or similar transfers) shall be ignored in determining whether this Plan is top heavy, except as otherwise provided in applicable Treasury Regulations. Distributions made within the five Plan Years ending on the determination date from a terminated plan shall be included in the aggregation group if the terminated plan would have been required to be included in the group had the plan not been terminated.

(c) An Eligible Employee shall be a "key employee" if, during the Plan Year in question or any of the four preceding Plan Years, he is or was

- (1) an officer of the Corporation,
- (2) one of the ten Employees owning (or considered as owning within the meaning of Code Section 318) the largest interests in the Corporation,
- (3) a five percent owner of the Corporation, or
- (4) a one percent or more owner of the Corporation having an annual compensation (as defined in Treas. Reg. Section 1.415-2(d)) from the Corporation of more than \$150,000.

The number of officers of the Corporation treated as key employees under paragraph (1) shall be limited to fifty. A beneficiary of a key employee or a former key employee

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shall also be treated as a key employee or former key employee,  
respectively. Determinations under this subsection shall be made in  
accordance with Internal Revenue Code Section 416(i) and applicable  
Treasury Regulations.

SECTION 15  
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EFFECTIVE DATE OF AMENDMENT  
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AND  
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RESTATEMENT OF THE PLAN  
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SECTION 15.01 Effective Date of Restated Plan.  
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This amendment and restatement of the Plan shall be effective March 1, 1995 or on such dates as otherwise provided herein, subject to the receipt of a ruling satisfactory to the Board of Directors that the Plan and Trust Agreements, as amended and restated, qualify under applicable provisions of the United States Internal Revenue Code.

SECTION 15.02 Applicable Parties  
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(a) This amendment and restatement is applicable only to those particular groups of Employees described below:

(1) Employees listed in Supplement A-3 hereto.

(b) With respect to all other groups of employees included in the Plan, the provisions of the Plan shall continue unchanged and unaffected by this amendment and restatement.

LOCKHEED SPACE OPERATIONS COMPANY

HOURLY EMPLOYEE INVESTMENT PLAN PLUS

(As Amended and Restated Effective March 1, 1995)

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LOCKHEED SPACE OPERATIONS COMPANY  
HOURLY EMPLOYEE  
INVESTMENT PLAN PLUS

DESIGNATION OF PLAN  
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The Lockheed Space Operations Company Hourly Employee Investment Plan Plus is hereby amended and restated, effective March 1, 1995, such amendment and restatement to be applicable only with respect to those particular groups of Employees described in Section 15.02(a). With respect to all other groups of employees included in the Lockheed Space Operations Company Hourly Employee Investment Plan Plus, the provisions of the Plan shall continue unchanged and unaffected by this amendment and restatement.

The Lockheed Space Operations Company Hourly Employee Investment Plan Plus as amended and restated effective March 1, 1995 and operative as of the earliest ESOP Starting Date specified in any Supplement hereto, consists of two portions. The first portion is a profit sharing plan under Section 401(a) of the Code, which includes a qualified cash or deferred arrangement as defined in Section 401(k) of the Code. The second portion is an ESOP Feature, which is both a stock bonus plan and an employee stock ownership plan intended to qualify under Sections 401(a) and 4975(e)(7) of the Code, and as such is designed to invest primarily in Stock. All contributions by the Corporation to the Plan may be made without regard to the current

DESIGNATION OF PLAN

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or accumulated profits of the Corporation or any of its subsidiaries or affiliates.

SECTION 1

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DEFINITIONS

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SECTION 1.01 - "Board of Directors" shall mean the Board of Directors

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of Lockheed Space Operations Company.

SECTION 1.02 - "Bond Fund" shall mean the fund which the Trustee shall

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invest exclusively in obligations, including notes, issued or fully guaranteed by the United States of America and in savings bank deposits to the extent such deposits are guaranteed by an agency of the United States.

SECTION 1.03 - "Break in Service" shall mean a Termination of

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Employment followed by the failure to complete 500 Hours of Service. A Break in Service shall be computed with reference to the twelve consecutive month period beginning on the date (and anniversaries thereof) an Employee is first entitled to be credited with an Hour of Service after his date of hire (or rehire after a Break in Service) by the Corporation. If an Employee is absent from work because of such individual's pregnancy, the birth of a child, placement of an adopted child or caring for an adopted or natural child following birth or placement, the individual shall not be treated as having incurred a Break in Service in the Plan Year in which the absence begins, or in the Plan Year in which the absence ends, if the individual would not otherwise have suffered a Break in Service during that Plan Year. No such credit shall be given unless a Participant submits a written request by Filing With The Committee which

DEFINITIONS

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establishes valid reasons for the absence, as determined by the Committee. Except to the extent that a maternity or paternity absence constitutes an authorized leave of absence from the Corporation under applicable personnel policies, an Employee who is absent from work for reasons of maternity or paternity shall be deemed to have terminated employment for all purposes of this Plan other than the special rules in this Section.

SECTION 1.04 - "Code" shall mean the Internal Revenue Code of 1986, as  
-----  
now in effect or as hereafter amended.

SECTION 1.05 - "Committee" shall mean the Committee referred to in  
-----  
Section 11.01.

SECTION 1.06 - "Corporation" shall mean Lockheed Corporation and any  
-----  
subsidiary or affiliate thereof, if, and to the extent that, the Board of Directors shall by resolution so provide.

SECTION 1.07 - "Elective Deferral" shall mean that amount specified  
-----  
under Section 3.01(a) to be contributed by the Corporation to the Participant's Account in lieu of paying such amount to the Participant in cash. The Elective Deferral amount shall constitute contributions to the Plan by the Corporation.

SECTION 1.08 - "Eligible Employee" shall mean an Employee who is  
-----  
eligible to participate in the Plan under Section 2.02 or Section 2.03.

SECTION 1.09 - "Employee" shall mean any person employed by the  
-----  
Corporation and paid on a hourly basis for

## DEFINITIONS

- - - - -

employment in the United States, or elsewhere if a citizen of the United States, provided that such person is a member of a group of employees to which the Plan is extended (1) by the Board of Directors or, as to hourly paid employees of a wholly-owned subsidiary of Lockheed Corporation, by the Board of Directors of such subsidiary, by adding or amending a Supplement hereto (as provided in Section 3.02) covering such employees or (2) by a collective bargaining agreement between the Corporation and a collective bargaining agent which provides that the hourly employees covered by such agreement shall be covered by the Plan. For purposes of calculating Breaks in Service, Hours of Service, Service Time, Termination of Employment and Years of Service, "Employee" shall mean any person employed by the Corporation or by a member of the controlled group of corporations, group of trades or businesses under common control or affiliated service group (within the meaning of Internal Revenue Code Section 414(b), (c) or (m)) of which the Corporation is also a member at that time. A person rendering services to a Corporation purportedly as an independent contractor shall not be treated as an Employee before the Corporation has acknowledged that it must withhold federal income taxes from his pay. To the extent required by Internal Revenue Code Section 414(n) or 414(o), a 'leased' worker or other non-employee shall be treated as an Employee but shall not be eligible to participate in this Plan.

DEFINITIONS

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SECTION 1.10 - "ERISA" shall mean the Employee Retirement Income  
-----  
Security Act of 1974, as now in effect or as hereafter amended.

SECTION 1.11 - "ESOP Contributions" shall mean the contributions  
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described in Section 4A.01.

SECTION 1.12 - "ESOP Ending Date" shall mean as to a particular group  
-----  
of Employees described in a Supplement hereto, the beginning of the first  
payroll period in the Month specified by such Supplement, provided however that  
an ESOP Ending Date may occur only in Lockheed Corporation's January, April,  
July, or October Month.

SECTION 1.13 - "ESOP Feature" shall mean that portion of the Plan  
-----  
consisting of an employee stock ownership plan as defined in Code Section  
4975(e)(7).

SECTION 1.14 - "ESOP Fund" shall mean that portion of the Plan which  
-----  
consists of Stock, and any income thereon. The ESOP Fund shall include any  
Stock in the Plan which was held in the Lockheed Martin Stock Fund prior to the  
ESOP Starting Date.

SECTION 1.15 - "ESOP Match Stock" shall mean all Stock in the Plan  
-----  
attributable to Corporation contributions made under Section 4A.01.

SECTION 1.16 - "ESOP Starting Date" shall mean as to a particular  
-----  
group of Employees described in a Supplement hereto, the beginning of the first  
payroll period in the Month specified by such Supplement, provided however that  
an ESOP Starting Date



DEFINITIONS

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may occur only in Lockheed Corporation's January, April, July, or October Month.

SECTION 1.17 - "ESOP Trustee" shall mean the Trustee of the ESOP Fund.

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SECTION 1.18 - "Filing With The Committee" shall mean the delivery of

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the document in question in such form, in such manner, to such person, and within such time limits as the Committee shall designate.

SECTION 1.19 - "Hour of Service" means all hours credited to an

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Employee pursuant to the following subsections (a), (b) and (c):

(a) "Hour of Service" includes each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the employer during the applicable computation period.

(b) "Hour of Service" also includes each hour for which an Employee is paid, or entitled to payment, by the employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, sick leave, jury duty, military reserve training leave, or other paid time off, provided that no more than 501 hours shall be credited under this subsection (b) to an Employee on account of any single continuous period during which the Employee performs no duties; and provided further that no hours shall

DEFINITIONS

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be credited under this subsection (b) on account of payments made or due under a plan maintained solely to comply with applicable worker's compensation, unemployment compensation or disability insurance laws or on account of payments made solely to reimburse an Employee for medical or medically related expenses.

(c) "Hour of Service" shall also include each hour for which back pay, irrespective of mitigation of damages, is awarded or agreed to by the employer, provided that no hour for which an Employee was given credit pursuant to subsection (a) or (b) of this Section shall also be credited to such Employee under the terms of this subsection (c).

All Hours of Service shall be calculated in a manner consistent with the terms of 29 Code of Federal Regulations Section 2530-200b-2.

SECTION 1.20 - "Lockheed Martin Stock Fund shall mean the fund which

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the Trustee shall invest exclusively in Stock, but excluding all Stock held under the ESOP Feature after the ESOP Starting Date:

(a) Stock of the Lockheed Martin Stock Fund will be purchased and sold by the Trustee on the open market, with commission expenses charged to the Lockheed Martin Stock Fund. The Trustee will purchase and retain such Stock regardless of market fluctuations, and, in the normal course, shall sell such stock only as necessary to meet

DEFINITIONS

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administrative and distribution requirements. Cash balances held in the Lockheed Martin Stock Fund shall be limited to such administrative needs.

(b) The Trustee will have the right to vote the Stock held in the Lockheed Martin Stock Fund, and the right to determine whether such Stock shall be tendered in the event of a public offer for any Stock. Notwithstanding (a) above, during the period of any public offer for Stock, the Trustee shall refrain from making additional purchases of Stock for the Lockheed Martin Stock Fund.

SECTION 1.21 - "Month" shall mean the Corporation's fiscal accounting  
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month.

SECTION 1.22 - "Participant" shall mean an Employee who has become a  
-----

Participant in the Plan in the manner described in Section 3.01.

SECTION 1.23 - "Plan" shall mean this Lockheed Space Operations  
-----

Company Hourly Employee Investment Plan Plus. Effective with the earliest ESOP Starting Date specified in any Supplement hereto, "Plan", shall mean the Lockheed Space Operations Company Investment Plan Plus, which combines a profit sharing plan under Section 401(a) of the Code and a stock bonus and employee stock ownership plan under Sections 401(a) and 4975(3)(7) of the Code and which is intended to qualify under such Sections and to constitute a single plan under Treasury Regulation Section 1.414(l)-1(b)(1).

DEFINITIONS

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SECTION 1.24 - "Plan Year" shall mean the Corporation's fiscal  
-----  
accounting year.

SECTION 1.25 - "Profit Sharing Trustee" shall mean the Trustee of all  
-----  
assets under the Plan other than the ESOP Fund.

SECTION 1.26 - "Quarter" shall mean any consecutive full three fiscal  
-----  
accounting month period commencing on the first day of Lockheed Corporation's  
January, April, July or October Month.

SECTION 1.27 - "Securities Fund" shall mean the fund in which the  
-----  
Trustee shall invest, stressing both possible appreciation of capital and  
current income and income growth. The Securities Fund shall be invested in  
common and preferred stocks, convertible securities and bonds (except stock and  
securities, and bonds issued or guaranteed by the Corporation, or an affiliate,  
subsidiary, or parent corporation of the Corporation), and other types of  
investments.

SECTION 1.28 - "Service Time", for purposes of the Plan, shall mean  
-----  
that period which begins with an Employee's date of hire or rehire by the  
Corporation and continues from such date of hire or rehire until broken by  
Termination of Employment, except that such Termination of Employment shall not  
break his Service Time (and the period of such Terminated Employment shall be  
included in the computation of Service Time) when such period of Terminated  
Employment is:

- (a) for 30 calendar days or less; or

DEFINITIONS

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(b) for more than 30 calendar days when Service Time is reinstated or restored in accordance with policies of the Corporation applied on a nondiscriminatory basis or applicable collective bargaining agreements, if any.

SECTION 1.29 - "Shares" shall mean shares of Stock.  
-----

SECTION 1.30 - "STIF Fund" shall mean the short term investment fund  
-----

in which the Trustee shall invest, stressing preservation of capital, in high quality money market instruments (excluding obligations issued or guaranteed by the Corporation, or any affiliate, subsidiary or parent corporation of the Corporation) including fixed income obligations of the United States of America, financial, industrial or public utility corporations, bankers' acceptances, notes, fully insured savings bank deposits, commercial paper and other similar short term fixed income investments, foreign or domestic, and the Trustee's commingled short term investment fund. Maturities of such instruments shall not exceed thirteen (13) months.

SECTION 1.31 - "Stock" shall mean common stock of Lockheed  
-----

Corporation, or, on and after March 15, 1995, Lockheed Martin Corporation.

SECTION 1.32 - "Termination of Employment" and "Terminated Employment"  
-----

shall mean the removal of an Employee from active and inactive payroll status of the Corporation as evidenced by the processing of a severance notice.

DEFINITIONS

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SECTION 1.33 - "Thrift Stock" shall mean all Stock allocated to  
-----  
Participants' Accounts attributable to

- (a) Elective Deferral amounts made at any time;
- (b) Corporation Matching Contributions made prior to the ESOP Starting Date.

SECTION 1.34 - "Trustee" shall mean the Profit Sharing Trustee, the  
-----  
ESOP Trustee and any other Trustee referred to in Section 7.01; "Trust Fund" shall mean the Trust Fund or Trust Funds referred to in Section 7.01.

SECTION 1.35 - "Valuation Date" shall mean the last day of the  
-----  
calendar month.

SECTION 1.36 - "Weekly Rate of Compensation" shall mean an Eligible  
-----  
Employee's hourly rate of pay multiplied by forty (40) hours as recorded on the permanent payroll record for his normal work week without the inclusion of any overtime compensation, shift, field duty, or other bonus or premium payments, expense or living allowance, assignment or relocation payments, incentive payments, royalties, severance pay, lump-sum payment of accrued and prorated vacation at time of Termination of Employment, or payments of like nature. An Eligible Employee's Weekly Rate of Compensation shall specifically include the "Elective Deferral" amount referred to in Section 3.01.

SECTION 1.37 - "Year of Service" shall mean the completion of 1,000  
-----  
Hours of Service over a twelve-month period. A Year of Service shall be computed with reference to successive

DEFINITIONS

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twelve month periods commencing with the Employee's date of hire by the Corporation or his rehire by the Corporation subsequent to a Break in Service. In no event shall an Employee be credited with one Year of Service during any twelve-month period prior to the expiration of twelve months after the commencement of his employment by the Corporation or reemployment by the Corporation subsequent to a Break in Service.

SECTION 2

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ELIGIBILITY FOR PARTICIPATION

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SECTION 2.01 - Voluntary Participation.

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Participation in the Plan on the part of an Employee is voluntary.

SECTION 2.02 - Employees of Predecessor Contractors.

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An employee hired by the Corporation prior to March 1, 1984 who, at the time of such hire was on the active payroll of a Predecessor Contractor (as hereinafter defined) and engaged at the Contract Site in the performance of work taken over by the Corporation under NASA Contract No. NAS 10-10900, Shuttle Processing Contract, is eligible to become a Participant at the beginning of the payroll period coincident with or next following his date of hire, if at such time, he had one or more years or Site seniority with such Predecessor Contractor. If such employee had less than one year of Site seniority, he is eligible to become a Participant at the beginning of the payroll period coincident with or next following the date on which such period of Site seniority, when added to his period of Employment with the Corporation equals one year.

(a) For the purposes of this Section 2.02, the term Predecessor Contractor shall mean any of the following: Boeing Services International; Unified Services, Inc.; Pan American World Airways, Inc.; PRC Systems Services Company; McGregor & Werner, Inc.; The Bionetics Corporation; Computer



ELIGIBILITY FOR PARTICIPATION

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Sciences Corporation; RCA Service Company; Rockwell International; Martin-  
Marietta Corporation; United Space Boosters.

(b) For the purposes of this Section 2.02, the term Contract Site shall mean Kennedy Space Center or Vandenberg Air Force Base.

SECTION 2.03 Year of Service for Eligibility.  
-----

(a) Eligibility Rule for New Employee. An Employee who has not been  
-----  
previously employed by the Corporation, and does not qualify under the provisions of a Section 2.02, is eligible to become a Participant at the beginning of the payroll period coincident with or next following the completion of one Year of Service.

(b) Eligibility Rule for Rehired Eligible Employee or Participant. An  
-----  
Employee who Terminates his Employment after completing one Year of Service or becoming a Participant shall be eligible to participate in the Plan at the beginning of the payroll period coincident with or next following his date of rehire.

(c) Eligibility Rule for Non-Eligible Employees Rehired Before a Break  
-----  
in Service. An Employee who Terminates his Employment before completing  
-----  
one Year of Service and who is reemployed by the Corporation before incurring a Break in Service shall retain his prior Hours of Service and shall be eligible to become a Participant upon

ELIGIBILITY FOR PARTICIPATION

-----  
completion of one Year of Service. Such an Employee's Year of Service and Breaks in Service shall continue to be calculated with reference to successive twelve-month periods commencing on the date the Employee is first entitled to be credited with an Hour of Service following his original date of employment.

(d) General Eligibility Rule for Non-Eligible Employees Rehired After

-----  
a Break in Service. An Employee who Terminates his Employment before

-----  
completing one Year of Service and who incurs a Break in Service must complete one Year of Service after reemployment with the Corporation as though he had not previously been an Employee. Such an Employee's Year of Service and Breaks in Service subsequent to his reemployment shall be calculated with reference to successive twelve-month periods commencing on the date the Employee is first entitled to be credited with an Hour of Service following his reemployment.

(e) Special Eligibility Rules for Non-Eligible Employees Rehired After

-----  
a Break in Service. Notwithstanding the provisions of subsection (d)

-----  
above, in determining whether a rehired Employee who Terminates his Employment and incurs a Break in Service before completing one Year of Service is eligible to become a Participant after his reemployment, the following special rules should be applied:

DESIGNATION OF PLAN

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(1) An Employee who has been rehired by the Corporation subsequent to a Break in Service and has his Service Time reinstated or restored to a prior date of hire or rehire by the Corporation and is credited with one year or more of unbroken Service Time as a result of such reinstatement or restoration is eligible to become a Participant at the beginning of the payroll period coincident with or next following his date of rehire.

(2) An Employee who was not previously eligible to become a Participant and has been rehired by the Corporation subsequent to a Break in Service and has his Service Time reinstated or restored to a prior date of hire or rehire by the Corporation is eligible to become a Participant at the beginning of the payroll period coincident with or next following the completion of one year of unbroken Service Time, including credit for prior Service Time as a result of such reinstatement or restoration, or upon whichever is the first to occur.

SECTION 2.04 Elective Deferral.  
-----

A Participant may not make an Elective Deferral under the Plan for any week in which he is not an Employee.

SECTION 3  
-----  
EMPLOYEE PARTICIPATION  
-----

SECTION 3.01   Becoming a Participant.  
-----

An Eligible Employee may become a Participant in the Plan by Filing With The Committee documents which shall:

(a) specify the weekly Elective Deferral amount to be deducted from his wages and paid to the Trustee on his behalf;

(b) specify the portion of said weekly Elective Deferral amount which is to be allocated to the Bond Fund, the Lockheed Martin Stock Fund the ESOP Fund; the Securities Fund and/or the STIF Fund;

(c) designate a beneficiary or beneficiaries to receive any payment which may be due under the Plan upon his death; and

(d) contain such other or additional information as in the opinion of the Committee is desirable or necessary in the operation of the Plan.

SECTION 3.02   Elective Deferral Percentage.  
-----

The weekly Elective Deferral amount shall be made by payroll deductions from a Participant's wages and the amounts so deducted shall be paid to the Trustee during the Month in which the deduction is made. The weekly Elective Deferral amount which may be specified under Section 3.01(a) and deducted under this Section shall be the amount specified in the Supplement hereto applicable to the particular group of Employees described in each

EMPLOYEE PARTICIPATION

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such Supplement subject to the provisions of Section 3.08, 3.09 and 3.10.

SECTION 3.03 Revocation of Specification.  
-----

A Participant may change the specification made under Section 3.01(a) by Filing With The Committee. A Participant who changes such specification to direct that no further Elective Deferral amounts shall be deducted from his Weekly Rate of Compensation may not again make further Elective Deferrals prior to the beginning of the payroll period next following the end of the Plan Year in which he revoked his specification.

SECTION 3.04 Annual Specification Election.  
-----

An Eligible Employee shall annually make the specifications required in Sections 3.01(a) and 3.01(b) only during the calendar month of October. An Employee who may become an Eligible Employee under Section 2.03, 2.03(a), in November or December of a Plan Year shall also make the specifications required in Sections 3.01(a) and 3.01(b) during the calendar month of October. A former Employee rehired in November or December of a Plan Year who is eligible to participate under Section 2.03(b) or (c), or under 2.04 shall make the specifications required in Section 3.01(a) and 3.01(b) upon becoming an Employee subject to the provisions of Section 3.09. Such specifications required in Sections 3.01(a) and 3.01(b) made under this Section shall become effective at the beginning of the payroll period next following the end of the Plan Year in which such specifications are Filed With The Committee. The

EMPLOYEE PARTICIPATION

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Committee may also, from time to time, (i) designate special periods during which Eligible Employees may make the specifications required under Sections 3.01(a) and (b) and, (ii) establish special effective dates for such specifications.

SECTION 3.05 Specification Changes  
-----

(a) In making the specification required in Section 3.01(b) the Eligible Employee shall specify that the weekly Elective Deferral amount shall be invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund, or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other funds, or three-fourths in one Fund and one-fourth in one of the other Funds. Alternatively, the Eligible Employee may specify that one-fourth of the weekly Elective Deferral amount shall be invested in Stock in lieu of one of the other Funds. Such specification by an Eligible Employee shall be deemed to be a continuing direction to the Trustee unless and until changed under the following provisions of this Section or Section 3.04. A Participant may change such specification under this Section only once each Quarter and may do so by Filing With The Committee a change in prior specification during the Quarter. A change in prior specification pursuant to this Section 3.05 shall provide that, commencing with the beginning of the payroll period next following the end of the Month in which the change is

EMPLOYEE PARTICIPATION

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Filed With The Committee, the Participant's weekly Elective Deferral amount shall be invested by the Trustee as specified by the Participant. Any change made pursuant to this Section 3.05 shall not affect the investment of any contributions by such Participant and by the Corporation prior to the beginning of such first pay period following the end of the Month in which the change is Filed With The Committee.

(b) A change in specification made pursuant to this Section 3.05 shall supersede all other option specifications made pursuant to Section 3.01(b), 3.04 or this Section 3.05.

(c) An Employee making loan repayments pursuant to Section 9.04(b) may make a change in prior specification under this Section 3.05 even though Elective Deferrals are not being deducted from his Weekly Rate of Compensation at the time such change in specification is Filed With The Committee.

(d) Notwithstanding any other provision of this Section 3.05 to the contrary, a Participant may not file an election under this Section which would have an effective date in the same Quarter as the effective date of a previous election under this Section, unless such new election is made pursuant to a special election period established by the Committee pursuant to Section 3.05(e).

(e) The Committee may, from time to time, (i) designate special election periods during which Participants

EMPLOYEE PARTICIPATION

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may make the election under Section 3.05(a), and (ii) establish special effective dates for any such elections.

SECTION 3.06 Annual Reallocation.  
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(a) Subject to Section 3.06(b), below, a Participant may elect, by Filing With The Committee, to have the dollar value of all Units and Shares (excluding Shares of ESOP Match Stock) credited to his Participant's Account on the Valuation Date of the first month following the end of the calendar month in which the election is filed, invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund, or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other Funds, or three-fourths in one Fund and one-fourth in one of the other Funds. Alternatively, a Participant may elect to have one-fourth of such dollar value invested in Stock in lieu of one of the other funds. Once Filed With The Committee the election may not be withdrawn. For the sole purpose of this Section 3.06 of the Plan, the effective date of the election shall be the Valuation Date of the first month following the calendar month in which the election is Filed With The Committee. Notwithstanding the foregoing, a Participant shall not have the right to direct the investment of any ESOP Match Stock allocated to his Participant's Account, and any income thereon, except as otherwise provided in Section 4A.03.



EMPLOYEE PARTICIPATION

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(b) Notwithstanding any other provision of this Section 3.06 to the contrary, a Participant may not file an election under this Section which would have an effective date in the same calendar year as the effective date of a previous election under this Section, unless such new election is made pursuant to the special election period established by the Committee pursuant to Section 3.06(c).

(c) The Committee may, from time to time, (i) designate special election periods during which Participants may make the election under Section 3.06(a), and (ii) establish special effective dates for any such election.

SECTION 3.07 Discrimination Test.

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Elective Deferrals under this Plan are intended to qualify as non-discriminatory under Section 401(a)(4) of the Internal Revenue Code of 1954. To ensure this, the procedures outlined in this Section shall be followed and the Committee may take such further action as it deems appropriate. An Eligible Employee, whether or not such Employee elects to contribute, making the specifications in the calendar month of October of each Plan Year under Section 3.04 shall be placed in one of two groups. One group shall consist of those Eligible Employees whose Weekly Rate of Compensation exceeds the Weekly Rate of Compensation of two-thirds of all Eligible Employees; the second group shall consist of all other remaining Eligible Employees.

EMPLOYEE PARTICIPATION

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The "Average Deferral Percentage" for the top one-third and for the lower two-thirds for a Plan Year shall be the average of the ratios calculated separately for each Eligible Employee, including Eligible Employees who have not filed a specification under Section 3.04, in such top one-third or lower two-thirds group of:

(a) The Elective Deferral amount specified under Section 3.04 by the Eligible Employee for the next Plan Year, to

(b) the Weekly Rate of Compensation of such Eligible Employee for the first payroll period in such Plan Year.

The Average Deferral Percentage for the top one-third group of all Eligible Employees shall not exceed the greater of (a) or (b) below:

(a) 1.25 times the Average Deferral Percentage of all Eligible Employees whose Weekly Rate of Compensation is among the lower two-thirds of all Eligible Employees, or

(b) The lesser of the following two amounts:

(1) 2.0 times the Average Deferral Percentage of all Eligible Employees whose Weekly Rate of Compensation is among the lower two-thirds of all Eligible Employees, or

(2) the Average Deferral Percentage of the lower two-thirds of all Eligible Employees plus two (2) percentage points.

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SECTION 3.08 Reduction of Elective Deferral.

The Committee shall determine prior to the effective date of the Elective Deferral whether there is a reasonable expectation that the Average Deferral Percentage results projected for the Plan Year will satisfy either of the tests contained in Section 3.07. If, in the Committee's determination, neither of the tests described in Section 3.07 will be satisfied, the following procedure will be followed:

(a) A reduction in the Elective Deferral amount specified under Sections 3.04 for Eligible Employees whose Weekly Rate of Compensation is among the top one-third of all Eligible Employees will be made. Such reduction will be applied to the Elective Deferral Percentage of the Eligible Employees in such group who (a) has the highest Weekly Rate of Compensation in such group and (b) also has the highest Elective Deferral Percentage. The reduction shall be applied by 1/10 of 1 percentage point reductions to the Elective Deferral Percentage of such Eligible Employee included in the top one-third group and the tests described in Section 3.07 will be re-run. This procedure will be repeated until one of the tests specified in Section 3.07 is satisfied.

(b) If a reduction in the amount of the Elective Deferral amount is required as a result of the application of Section 3.08(a), the reduction shall be paid to the

EMPLOYEE PARTICIPATION

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Eligible Employee as taxable earnings for the pay periods in the Plan Year in which the reduction applies.

SECTION 3.09 Limitation on Deferral Percentage.  
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If an Employee is rehired by the Corporation under Section 2.03(b) or (c) or under Section 2.04 during the month of November or December of a Plan Year, and is also in the top one-third group of Eligible Employees as determined under Sections 3.07, the Election Deferral Percentage of such Employee, for purposes of Section 3.04, will be limited to the Average Deferral Percentage as calculated under Section 3.08 for the top one-third group. Such Eligible Employees who are determined to be in the lower two-thirds group shall be permitted to specify up to the maximum allowable Elective Deferral Percentage as described in Section 3.02.

SECTION 3.10. Limitation Upon Rehire.  
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Notwithstanding any other provision of the Plan to the contrary, if an Employee becomes an Eligible Employee at any time during the Plan Year and is also in the top one-third group of Eligible Employees as determined under Section 3.07 for the Plan Year in which he becomes an Eligible Employee, the Elective Deferral Percentage of such Eligible Employee will be limited to the Average Deferral Percentage as calculated under Section 3.08 for the top one-third group. The Elective Deferral Percentage shall remain in effect for the balance of the Plan Year in which he begins making an Elective Deferral. Such Eligible Employees who are determined to be in the lower two-thirds group shall be

EMPLOYEE PARTICIPATION

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permitted to specify up to the maximum allowable Elective Deferral percentage as described in Section 3.02. Such Eligible Employee must make the specifications required under Sections 3.01(a) and 3.01(b) within thirty (30) days from the date he becomes an Eligible Employee.

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SECTION 3.11 Suspension on Wage Attachment.

Notwithstanding any other provision of the Plan to the contrary, a Participant will be suspended from making an Elective Deferral under the Plan for any week in which a garnishment, attachment, levy or other legal process is imposed on a Participant's Weekly Rate of Compensation.

SECTION 4

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CORPORATION MATCHING CONTRIBUTIONS

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SECTION 4.01 Corporation Matching Contributions.

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(a) For Elective Deferral amounts made before the ESOP Starting Date, the Corporation will contribute to the Trustee an amount equal to fifty percent (50%) of the Elective Deferral amount specified by Participants during the Month immediately preceding the date of such matching contribution by the Corporation. The fifty percent (50%) "Corporation Matching Contribution" made under this Section 4.01(a) shall be limited to Elective Deferral amounts up to six percent (6%) of the Participant's Weekly Rate of Compensation. Elective Deferral amounts over six percent (6%) of the Participant's Weekly Rate of Compensation shall not be subject to the fifty percent (50%) Corporation Matching Contributions.

(b) For Elective Deferral amounts made after the beginning of the ESOP Starting Date, the Corporation will make a Corporation Matching Contribution to the Trustee equal to sixty percent (60%) of the Elective Deferral amounts specified by each Participant during the Month immediately preceding the date of such contribution up to six percent (6%) of such Participant's Weekly Rate of Compensation. Elective Deferral amounts over six percent (6%) of the Participant's Weekly Rate of Compensation shall

CORPORATION MATCHING CONTRIBUTIONS

not be subject to the sixty percent (60%) Corporation Matching Contributions.

(c) Fifty percent (50%) of the Corporation Matching Contribution to be made on behalf of any Employee who is a member of a particular group of Employees described in a Supplement hereto on or after the applicable ESOP Starting Date and prior to the applicable ESOP Ending Date will be made to the ESOP Trustee in cash, Shares or any other property acceptable to the ESOP Trustee as an ESOP Contribution, and fifty percent (50%) of any such Corporation Matching Contribution shall be made to the Trustee in cash or other property acceptable to the Trustee as a non-ESOP Contribution to be allocated to the various Funds in accordance with Section 4.02. Corporation Matching Contributions made after the ESOP Ending Date specified in the applicable Supplement will be made to the Trustee in cash or other property acceptable to the Trustee as a non-ESOP Contribution to be allocated to the various Funds in accordance with Section 4.02.

SECTION 4.02 Investment of Corporation Matching Contribution.

Corporation Matching Contributions for each Month shall be allocated by the Trustee to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and to the ESOP Fund, in the same proportion as Elective Deferral amounts



CORPORATION MATCHING CONTRIBUTIONS

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specified by Participants during such Month are allocated to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and to the ESOP Fund. Notwithstanding the foregoing, ESOP Contributions shall be wholly invested in Stock, except as provided otherwise due to an election under Section 4A.03 or to the extent loans are made to Participants under Section 9.04.

SECTION 4.03 Forfeiture of Company Matching Contribution.  
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No part of the Corporation Matching Contributions paid to the Trustee shall be recoverable by the Corporation. However, with respect to a Participant whose benefits under the Plan are forfeited under the provisions of Sections 8.02, 8.04 and 12.07, by Termination of Employment, all amounts so forfeited shall be credited against, and reduce to the extent of such credit, the amount of future Corporation Matching Contributions otherwise to be made under Section 4.01.

SECTION 4.04 Liability for Payment of Benefits.  
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Except in accordance with applicable federal and state law, no liability for the payment of benefits under the Plan shall be imposed upon the Corporation, its officers, directors, employees, or shareholders or the Committee or any of its members, nor shall they be subject to any suit or litigation or to any legal liability for any cause, or reason, or thing whatsoever in connection with the Plan or in connection with the

CORPORATION MATCHING CONTRIBUTIONS

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operation of the Trust Funds. This shall not affect any obligation of the Corporation to pay any specific contribution to the Trustees which it has accrued and expressly obligated itself to pay, nor shall it affect the right, if any, of a Participant or beneficiary to seek redress against the proper person or persons, corporation, firm or trustee who violate his rights under the Plan.

SECTION 4A

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ESOP PROVISIONS

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SECTION 4A.01 ESOP Contributions.

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ESOP Contributions shall be wholly invested in Stock (except as provided otherwise due to an election under Section 4A.03) or to the extent loans are made to Participants under Section 9.04) and shall include the amounts described in Section 4A.01(a) below. All or a part of any such contributions may be made from Lockheed Corporation treasury shares or authorized but unissued shares.

(a) Corporation Matching Contributions made on or after the ESOP Starting Date and prior to the ESOP Ending Date are ESOP Contributions.

SECTION 4A.02 Put Option.

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If at the time of distribution, Stock distributed from the ESOP Fund is not readily tradeable on an established market within the meaning of Section 409(h) of the Code and the Regulations, such Stock shall be subject to a put option in the hands of a Qualified Holder by which such Qualified Holder may sell all or any part of the Stock distributed to him by the ESOP Fund to the ESOP Trustee. Should the ESOP Trustee decline to purchase all or any part of the Stock put to it by the Qualified Holder, the Corporation shall purchase the Stock that the ESOP Trustee declines to purchase. The put option shall be subject to the following conditions:

ESOP PROVISIONS

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(a) The term "Qualified Holder" shall mean the Participant or beneficiary receiving the distribution of such Stock, any other party to whom the Stock is transferred by gift or by reason of death, and also any trustee of an individual retirement account (as defined under Code Section 408) to which all or any portion of the distributed Stock is transferred pursuant to a tax-free "rollover" transaction satisfying the requirements of Sections 402 and 408 of the Code.

(b) During the 60-day period following any distribution of such Stock, a Qualified Holder shall have the right to require the Corporation to purchase all or a portion of the distributed Stock held by the Qualified Holder. The purchase price to be paid for any such Stock shall be its fair market value determined (1) as of the Valuation Date coinciding with or next preceding the exercise of the put option under this Section 4A.02 or, (2) in the case of a transaction between the Plan and a "disqualified person" within the meaning of Section 4975(e)(2) of the Code or a "party in interest" within the meaning of Section 3(14) of ERISA, as of the date of the transaction.

(c) If a Qualified Holder shall fail to exercise his put option right under Section 4A.02(b), the option right shall temporarily lapse upon the expiration of the 60-day period. As soon as practicable following the last

ESOP PROVISIONS

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day of the Plan Year in which the 60-day option period expires, the Corporation shall notify the non-electing Qualified Holder (if he is then a shareholder of record) of the valuation of the Stock as of that date. During the 60-day period following receipt of such valuation notice, the Qualified Holder shall again have the right to require the Corporation to purchase all or any portion of the distributed Stock. The purchase price to be paid therefore shall be fair market value determined (1) as of the Valuation Date coinciding with or next preceding the exercise of the put option under this Section 4A.02(c) or, (2) in the case of a transaction between the Plan and a "disqualified person" within the meaning of Section 4975(e)(2) of the Code or a "party in interest" within the meaning of Section 3(14) of ERISA, as of the date of the transaction.

(d) The foregoing put options under Section 4A.02(b) and (c) hereof shall be effective solely against the Corporation and shall not obligate the Plan or Trust in any manner.

(e) In making the determination of fair market value, the Corporation shall consider, to the extent permitted by law (and in conformity, where applicable, with the provisions of Section 6), the same methodology used to value the Stock at the time of its initial purchase by the ESOP Trustee and shall, to the extent permitted by law, include

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as a valuation factor at least the same proportionate share of enterprise value as was taken into account at the time of such purchase of Stock.

(f) The period during which the put option is exercisable does not include any time when a Qualified Holder is unable to exercise it because the Corporation is prohibited from honoring it by applicable Federal or State laws.

(g) Except as otherwise required or permitted by the Code, the put options under this Section 4A.02 shall satisfy the requirements of Section 54.4975-7(b) of the Treasury Regulations to the extent, if any, that such requirements apply to such put options.

(h) A Qualified Holder must exercise his put option in writing by Filing with the Committee. If a Qualified Holder exercises his put option under this Section 4A.02, payment for the Stock repurchased shall be made, in the case of a distribution of a Participant's Account within one taxable year, in substantially equal annual payments over a period beginning not later than 30 days after the exercise of the put option and not exceeding five (5) years (provided that adequate security and reasonable interest are provided with respect to unpaid amounts) or, in the case of other distributions, not later than 30 days after such exercise.

SECTION 4A.03 Diversification Near Retirement.

(a) Notwithstanding any other provision of the Plan, any Participant who has attained age 55 and completed at least ten (10) Years of Service may elect to have up to 25% of the value in his Participant's Account attributable to ESOP Contributions invested in the funds referred to in Section 4A.03(b). Any such Participant may make this election once during each Plan Year of his Qualified Election Period. After the close of the sixth Plan Year in the Participant's Qualified Election Period, the Participant may so direct the investment of up to 50% of the value of amounts in his Participant's Account attributable to ESOP Contributions. For this purpose, the term "Qualified Election Period" shall mean the period beginning with the later of the Plan Year in which the Participant attains age 55 or completes ten (10) Years of Service and ending upon the Participant's Termination of Employment. The percentage of amounts in a Participant's Account attributable to ESOP Contributions for which he may make investment directions in a Plan Year shall be the "Allocable Portion" of such Participant's Account at the time of the election under this Section 4A.03.

(b) A Participant may elect by Filing With The Committee, to have the dollar value of the Allocable Portion of his Participant's Account on the Valuation Date of the first month following the end of the calendar month in which

ESOP PROVISIONS

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the election is filed, invested by the Trustee either entirely in the Bond Fund, or entirely in the Securities Fund, or entirely in the STIF Fund or one-half in one Fund and one-half in one of the other Funds, or one-half in one Fund and one-fourth in each of the other Funds, or three-fourths in one Fund and one-fourth in one of the other Funds. For the sole purpose of this Section 4A.03(b), the effective date of the election shall be the Valuation Date of the first month following the calendar month in which the election is Filed With The Committee. The election may not be withdrawn once Filed With The Committee for ninety (90) days. Such election shall be in accordance with any notice, rulings, or regulations or other guidance issued by the Internal Revenue Service with respect to Code Section 401(a)(28)(B).

SECTION 4A.04 Cash Dividends.

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Effective as of the ESOP Starting Date, all cash dividends on Stock allocated to Participant's Accounts shall be paid out to the Participant in a manner consistent with Section 404(k) of the Code.

SECTION 4A.05 Valuation of Stock.

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Stock held in Participants' Accounts shall be valued as of each Valuation Date, or at the discretion of the Committee, more frequently. All valuations of Stock which is not readily tradeable on an established securities market shall be made by an independent appraiser meeting requirements similar to those con-



ESOP PROVISIONS

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tained in Treasury Regulations under Section 170(a)(1) of the Code.

SECTION 4A.06 Tender or Exchange Decisions.

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All tender or exchange decisions with respect to Stock held by the ESOP Trustee shall be made only by Participants acting in their capacity as Named Fiduciaries in accordance with the following provisions of this Section 4A.06:

(a) In the event an offer shall be received by the ESOP Trustee (including a tender offer for Shares subject to Section 14(d)(1) of the Securities Exchange Act of 1934 or subject to Rule 13e-4 promulgated under that Act, as those provisions may from time to time be amended) to purchase or exchange any Shares held by the ESOP Trustee, the Trustee will advise each Participant who has Shares credited to his Participant's Account in writing of the terms of the offer as soon as practicable after its commencement and will furnish each Participant with a form by which he may instruct the Trustee confidentially whether or not to tender or exchange Shares allocated to his Participant's Account (including fractional shares to 1/1000th of a Share). The materials furnished to the Participants shall include (i) a notice from the ESOP Trustee that the ESOP Trustee will not tender or exchange any Shares for which timely instructions are not received by the ESOP Trustee and (ii) such related documents as are prepared by any person and provided to the shareholders of the Corporation pursuant to the Securities

## ESOP PROVISIONS

Exchange Act of 1934. The Committee and the ESOP Trustee may also provide Participants with such other material concerning the tender or exchange offer as the ESOP Trustee or the Committee in its discretion determine to be appropriate, provided, however, that prior to any distribution of materials by the Committee, the ESOP Trustee shall be furnished with complete copies of all such materials. The Corporation and the Committee will cooperate with the ESOP Trustee to ensure that Participants receive the requisite information in a timely manner.

(b) The ESOP Trustee shall tender or not tender Shares or exchange Shares allocated to any Participant's Account (including fractional Shares to 1/1000th of a Share) only as and to the extent instructed by the Participant as a Named Fiduciary. With respect to Shares allocated to the Participant's Account of a deceased Participant, such Participant's beneficiary, as a Named Fiduciary, shall be entitled to direct the Trustee whether or not to tender or exchange such Shares as if such beneficiary were the Participant. If tender or exchange instructions for Shares allocated to any Participant's Account are not timely received by the ESOP Trustee, the ESOP Trustee will treat non-receipt as a direction not to tender or exchange such Shares. The instructions received by the ESOP Trustee from Participants or beneficiaries shall be held by the ESOP Trustee in strict confidence and shall not be divulged or

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released to any person, including directors, officers or employees of the Corporation or of any other company, except as otherwise required by law.

(c) In the event, under the terms of a tender offer or otherwise, any Shares tendered for sale, exchange or transfer pursuant to such offer may be withdrawn from such offer, the ESOP Trustee shall follow such instructions respecting the withdrawal of such securities from such offer in the same manner and the same proportion as shall be timely received by the ESOP Trustee from the Participants, as Named Fiduciaries, entitled under this Section 4A.06 to give instructions as to the sale, exchange or transfer of securities pursuant to such offer.

(d) In the event that an offer for fewer than all of the Shares held by the ESOP Trustee shall be received by the ESOP Trustee, each Participant who has been allocated any Shares subject to such offer shall be entitled to direct the ESOP Trustee as to the acceptance or rejection of such offer (as provided by subsections (a) through (c) of this Section 4A.06) with respect to the largest portion of such Stock as may be possible given the total number or amount of Shares the ESOP Trustee may sell, exchange or transfer pursuant to the offer based upon the instructions received by the ESOP Trustee from all other Participants who shall timely instruct the ESOP Trustee pursuant to this Section 4A.06 to sell, exchange or transfer such Shares pursuant to such

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offer, each on a pro rata basis in accordance with the number or amount of such Shares allocated to the Participants' Accounts.

(e) In the event an offer shall be received by the ESOP Trustee and instructions shall be solicited from Participants pursuant to subsections (a) through (c) of this Section 4A.06 regarding such offer, and prior to termination of such offer, another offer is received by the ESOP Trustee for the securities subject to the first offer, the ESOP Trustee shall use its best efforts under the circumstances to solicit instructions from the Participants to the ESOP Trustee (i) with respect to securities tendered for sale, exchange or transfer pursuant to the first offer, whether to withdraw such tender, if possible, and, if withdrawn, whether to tender any securities so withdrawn for sale, exchange or transfer pursuant to the second offer and (ii) with respect to securities not tendered for sale, exchange or transfer pursuant to the first offer, whether to tender or not to tender such securities for sale, exchange or transfer pursuant to the second offer. The ESOP Trustee shall follow all such instructions received in a timely manner from Participants in the same manner and in the same proportion as provided in subsections (a) through (c) of this Section 4A.06. With respect to any further offer for any Stock received by the ESOP Trustee and subject to any earlier offer (including successive offers from one or more

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existing offerors), the ESOP Trustee shall act in the same manner as described above.

(f) A Participant's instructions to the ESOP Trustee to tender or exchange Shares will not be deemed a withdrawal or suspension from the Plan or a forfeiture of any portion of the Participant's interest in the Plan. Funds received in exchange for tendered Shares will be credited to the Participant's Account of the Participant whose Shares were tendered and will be used by the ESOP Trustee to purchase Stock, as soon as practicable. In the interim, the ESOP Trustee will invest such funds in short-term investments permitted under the ESOP Trust.

(g) The ESOP Trustee shall take all steps necessary, including appointment of a corporate trustee and/or an outside independent administrator to the extent such action, after consultation with the Corporation and the Profit Sharing Trustee, is found necessary to maintain confidentiality of Participant responses and/or to adequately discharge their obligations as Named Fiduciary.

SECTION 4A.07 Voting Rights.  
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All voting rights on Shares held by the ESOP Trustee shall be exercised by the ESOP Trustee only as directed by the Participants acting in their capacity as Named Fiduciaries in accordance with the following provisions of this Section 4A.07:

(a) As soon as practicable before each annual or special shareholders' meeting of the Corporation, the ESOP

## ESOP PROVISIONS

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Trustee shall furnish to each Participant a copy of the proxy solicitation material sent generally to shareholders, together with a form requesting confidential instructions on how the Shares allocated to such Participant's Account (including fractional Shares to 1/1000th of a Share) are to be voted. The Corporation and the Committee shall cooperate with the Trustee to ensure that Participants receive the requisite information in a timely manner. The materials furnished to the Participants shall include a notice from the ESOP Trustee that the ESOP Trustee will not vote any Shares for which timely instructions are not received by the ESOP Trustee. Upon timely receipt of instructions, the ESOP Trustee (after combining votes of fractional Shares to give effect to the greatest extent to Participants' instructions) shall vote the Shares as instructed. If voting instructions for Shares allocated to any Participant's Account are not timely received by the ESOP Trustee for a particular shareholder's meeting, such Shares shall not be voted. The instructions received by the ESOP Trustee from Participants or beneficiaries shall be held by the ESOP Trustee in strict confidence and shall not be divulged or released to any person including directors, officers or employees of the Corporation, or of any other company, except as otherwise required by law.

(b) With respect to all corporate matters submitted to shareholders, all Shares allocated to Participants' Accounts

ESOP PROVISIONS

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shall be voted only in accordance with the directions of such Participants as Named Fiduciaries as given to the ESOP Trustee. Each Participant shall be entitled to direct the voting of Shares (including fractional shares to 1/1000th of a share) allocated to his Participant's Account. With respect to Shares allocated to the Participant's Account of a deceased Participant, such Participant's beneficiary, as Named Fiduciary, shall be entitled to direct the voting with respect to such allocated Shares as if such beneficiary were the Participant.

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SECTION 4A.08 No Diversion of Plan Benefits.

In no event shall any part of the Plan, including the ESOP Feature, be used for, or diverted to, any purpose other than for the exclusive benefit of Participants and their beneficiaries.

SECTION 4A.09 Applicability of Provisions.

The provisions of this Section 4A (other than Section 4A.01(a) relating to the classification of Corporation Matching Contributions as ESOP Contributions) shall remain in effect as to any Employee who has at any time participated in the ESOP Feature of the Plan regardless of any ESOP Ending Date specified in any Supplement hereto.



SECTION 5

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PARTICIPANT'S ACCOUNT

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SECTION 5.01 Separate Participant's Account.

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There shall be maintained for each Participant a separate Participant's Account which shall show in dollars the Elective Deferral amounts specified by the Participant and the corresponding Corporation Matching Contributions made as provided in Sections 4.01 and 4A.01 (consisting of the Corporation's Matching Contributions, ESOP Contributions and forfeitures) and, in terms of Units or Shares, shall show the portion of such Participant's Account in the Bond Fund, the Securities Fund, the STIF Fund, the Lockheed Martin Stock Fund and/or the ESOP Fund, as the case may be. In addition, the Participant's Account shall show that portion of the Participant's Account in the ESOP Fund that consists of Thrift Stock and the portion that consists of ESOP Match Stock. As of the ESOP Starting Date, Stock shall be accounted for in Shares rather than Units and such accounting in Shares shall continue regardless of any ESOP Ending Date specified in any Supplement hereto.

SECTION 5.02 "Annual Addition" Limits.

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(a) The annual addition to any Participant's Account for any Plan Year shall not exceed the maximum permissible amount. Subsection (c) defines the terms used in this Section.

(b) If a Participant's annual addition would exceed the maximum permissible amount, any excess contribution

PARTICIPANT'S ACCOUNT

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inadvertently made shall be refunded to the Employer and, to the extent the excess contribution is attributable to Elective Deferrals, returned to the Participant in question.

(c) For purposes of this Section, terms used herein shall have the following meanings:

(1) "Annual addition" shall mean the sum of Corporation  
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contributions (including Elective Deferrals and ESOP Contributions) and any forfeitures allocated to a Participant's account for a Plan Year under this Plan and all other qualified defined contribution plans of the Corporation.

"Annual addition" shall also include amounts derived from Corporation contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a key employee, as defined in Code Section 419A(d)(3), under a welfare benefit fund, as defined in Code Section 419(e), which is maintained by the Corporation, and amounts substantially similar to those just described which are contributed to a defined benefit plan for a plan year of the defined benefit plan beginning after March 31, 1984.

(2) "Maximum permissible amount" shall mean, with respect to a  
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Participant, the lesser of

PARTICIPANT'S ACCOUNT

a. twenty-five percent of the Participant's earnings for the Plan Year, or

b. \$30,000 (or such higher amount then in effect pursuant to Section 415(d) of the Code for the calendar year in or with which the Plan Year ends), except as otherwise provided under Code Section 415(c)(6).

(3) "Earnings" shall mean the total cash and

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non-cash remuneration paid to a Participant during the Plan Year but excluding Elective Deferrals under this Plan, and:

a. employer contributions for simplified employee pension,

b. deferred compensation (other than an amount included in the Participant's gross income for the Plan Year which is attributable to an unfunded, non-qualified plan),

c. amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by an Employee becomes freely transferable or is no longer subject to a substantial risk or forfeiture,

d. amounts realized from the sale, exchange or other disposition of stock under a tax-benefitted stock option, and

PARTICIPANT'S ACCOUNT

e. other amounts which receive special tax benefits.

(d) If a Participant in this Plan has at any time participated in one or more qualified defined benefit plans maintained by the Corporation, the sum of the Participant's "defined contribution plan fraction" and "defined benefit plan fraction" shall not exceed 1.0.

(1) "Defined contribution Plan fraction" shall have the meaning

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set forth in Internal Revenue Code Section 415(e)(3). If, based on reasonable projections, it is expected that a Participant's defined contribution plan fraction in the future will be materially less than his or her current defined contribution plan fraction, the Committee may compute the defined contribution plan fraction on a projected basis. Section 415(e)(3) defines the term "defined contribution plan fraction" as a fraction

(i) the numerator of which is the sum of the annual additions, as defined in subsection (c), to the Participant's accounts in this Plan and all other qualified defined contribution and defined benefit plans (whether or not terminated) of the Corporation for the current and all prior Plan Years, and

PARTICIPANT'S ACCOUNT

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(ii) the denominator of which is the sum of the annual additions which would have been made for the Participant for the current and all prior Plan Years (whether or not this Plan or any other defined contribution or defined benefit plan was then in existence) if, in each such Year, the Participant's annual additions equaled the lesser of

a 125 percent of the dollar limitation in  
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effect under Internal Revenue Code Section  
415(c)(1)(A), or

b thirty-five percent of the Participant's  
-  
earnings for the Year in question.

A Participant's defined contribution plan fraction as of the end of the last Plan Year beginning prior to 1976 shall be calculated in accordance with Treas. Reg. Sec. 1.415-7(d). If the Participant was a participant in one or more qualified defined contribution plans maintained by the Corporation which were in existence on July 1, 1982, the numerator of the Participant's defined contribution plan fraction will be adjusted if the sum of this fraction and the defined

PARTICIPANT'S ACCOUNT

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benefit plan fraction would otherwise exceed 1.0. Under the adjustment, an amount equal to the product of (i) the excess of the sum of both fractions over 1.0, times (ii) the denominator of the defined contribution plan fraction will be permanently subtracted from the numerator of the defined contribution plan fraction. The adjustment shall be calculated using the fractions as they would be computed as of the end of the last Plan Year beginning before June 30, 1983. This adjustment shall also be made if, at the end of the last Plan Year beginning before January 1, 1984, the sum of both fractions exceeds 1.0 because of accruals or additions that were made before the limitations of this subsection became effective for any plans of the Corporation in existence on July 1, 1982. The Committee may elect to compute the denominator of a Participant's defined contribution plan fraction for Plan Years ending on or before January 1, 1983 by multiplying the Participant's denominator (as determined as of the end of the Plan Year ending in 1982) by the "transition fraction."

PARTICIPANT'S ACCOUNT

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The transition fraction shall have a numerator equal to the lesser of \$51,875 (or \$41,500 if Internal Revenue Code Section 416(h)(4) (relating to top heavy plans) is applicable for the first Plan Year beginning after December 31, 1983) or thirty-five percent of the Participant's earnings for the Plan Year ending during 1981, and shall have a denominator equal to the lesser of \$41,500 or twenty-five percent of the Participant's earnings for the Plan Year ending during 1981. This election shall be made in accordance with procedures established under or in accordance with Internal Revenue Code Section 415(e)(6).

(2) "Defined benefit plan fraction" shall have the meaning set  
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forth in Internal Revenue Code Section 415(e)(2). This Code Section defines the term "defined benefit plan fraction" as a fraction

(i) the numerator of which is the sum of the Participant's projected annual benefit under all defined benefit plans (whether or not terminated) of the Corporation, and

(ii) the denominator of which is the lesser of

PARTICIPANT'S ACCOUNT

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- a 125 percent of the dollar limit in effect under  
- subsection (c)(2)b. for the Plan Year, or

b 140 percent of the Participant's earnings.  
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The projected annual benefit shall be the annual retirement benefit attributable to Corporation contributions to which the Participant would be entitled under the terms of the defined benefit plans (adjusted to the actuarial equivalent of a straight life annuity if the projected annual benefit is expressed in a form other than a straight life annuity or qualified joint and survivor annuity), assuming that the Participant will continue employment until normal retirement age (or current age, if later), and that the Participant's compensation for the current Plan Year and all other relevant factors used to determine benefits under the plans will remain constant for all future Plan Years. If the Participant was a participant in one or more qualified defined benefit plans maintained by the Corporation which were in existence on July 1, 1982, the denominator of the Participant's defined benefit plan fraction will not be less than 125 percent of the sum of the annual benefits which the Participant had accrued under such plans as



PARTICIPANT'S ACCOUNT

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of the end of the last Plan Year beginning before June 30, 1983. The preceding sentence shall apply only if the defined benefit plans individually and in the aggregate satisfied the requirements of Internal Revenue Code Section 415 as in effect at the end of the 1982 Plan Year.

(3) For any Plan Year in which the Plan is "top heavy," as defined in Section 15.01(b) and the exception in Internal Revenue Code Section 416(h)(2) does not apply, "100 percent" shall be substituted for "125 percent" in determining the denominators of a key employee's defined contribution and defined benefit plan fractions.

SECTION 5.03 Contribution Credited Monthly.  
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As of the Valuation Date of each Month each Participant's Account shall be credited for such Month with the number of Units equivalent to the Unit value and/or Shares at a Share value (calculated as provided in Sections 6.01 and 6.02) of:

- (1) the total dollar amount of weekly Elective Deferrals by such Participant during such Month,
- (2) the Corporation Matching Contributions with respect to such Month as provided in Section 4.01, and
- (3) the ESOP Contributions with respect to any such Month as provided in Section 4A.01.

PARTICIPANT'S ACCOUNT  
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Such units shall be allocated to the Bond Fund, the Securities Fund, the Lockheed Martin Stock Fund and/or the STIF Fund and such Shares shall be allocated to the ESOP Fund pursuant to the provisions of Sections 3.01(b), 3.05 and 4.02.

SECTION 6

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VALUATION OF PARTICIPANT'S ACCOUNT

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SECTION 6.01 Unit Valuation.

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The value of Units in each Participant's Account, as allocated to each Fund under the Plan shall be determined separately for each Fund as of each Valuation Date. At the inception of the Bond Fund, STIF Fund, Securities Fund and Lockheed Martin Stock Fund one Unit for each dollar contributed by the Participant and for each dollar contributed by the Corporation with respect to such Participant prior to the first Valuation Date of such Fund was credited to each Participant's Account, allocated to each Fund as specified pursuant to Sections 3.01(b), 3.05, 3.06 and 4.02 as such Sections were in effect on such Valuation Dates. On each succeeding Valuation Date (a) the value of the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund and the STIF Fund, respectively, shall be the fair market value, as determined by the Trustee, as of such date, of the investments and cash held in such Fund on such date, less liabilities and the expenses as provided in Section 7.05 as accrued or paid as of such date; and (b) the value of a Unit in each Fund shall be determined by dividing the value of each such Fund, as determined above, by the total number of Units in all Participants' Accounts allocated to each such Fund as of such date. Notwithstanding anything to the contrary contained herein, assets in the STIF Fund may be valued at cost or unpaid principal amount if there is no readily ascertainable fair market value.

VALUATION OF PARTICIPANT'S ACCOUNT

SECTION 6.02 Share Valuation.

Effective as of the ESOP Starting Date, Units maintained in the Lockheed Martin Stock Fund shall be valued and converted to Shares in the ESOP Fund and shall remain as part of the ESOP Fund regardless of any ESOP Ending Date specified in any Supplement hereto. On each succeeding Valuation Date thereafter, the value of the Participant's Account in the ESOP Fund shall be equal to the number of Shares, including any fractional Share; credited to his Participant's Account as of such date multiplied by the published composite closing price per Share on such Valuation Date.

SECTION 7

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TRUST FUND AND TRUSTEE

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SECTION 7.01 Description of Trust Fund.

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All contributions made to the Plan by a Participant or on his behalf shall be made to a Trust Fund or Trust Funds established by a trust agreement or trust agreements with a Trustee or Trustees to carry out the purposes of the Plan. Such Trust Fund or Trust Funds shall be composed of the Bond Fund, the ESOP Fund, the Securities Fund, the STIF Fund and such other Fund as may be established from time to time. The Committee shall select such Trustee(s), and may change the Trustee(s) from time to time. Any Trustee(s) designated hereunder shall be a bank or trust company qualified under the laws of the United States or of any State to operate thereunder as a trustee. The Corporation will determine the form and terms of any such trust agreement. The Corporation may amend any such trust agreement from time to time to accomplish the purposes of the Plan. The trust agreement or trust agreements shall provide, among other things, that at no time shall any part of the Trust Fund be used for, or diverted to, purposes other than for the exclusive benefit of the Participants or their beneficiaries.

SECTION 7.02 Trustee's Authority.

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Each Trustee shall, unless otherwise directed by an Investment Manager (if such has been appointed), have exclusive authority and discretion to manage and invest the assets of the Trust Fund, as provided in its trust agreement. Each Trustee

shall further be responsible for the holding and disbursement of all contributions and income received by it under the Plan, as provided in its trust agreement, and shall have such other responsibilities as are provided in such agreement.

SECTION 7.03 Non-Guarantee of Investment Value.  
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Nothing in the Plan shall be construed as a guarantee by the Corporation or the Trustees of the value of any security or instrument in which funds held by the Trustees are invested or as an indemnity against any loss resulting from such investment.

SECTION 7.04 Trustee Allocation of Contributions.  
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The Trustee shall allocate contributions made to the Plan by a Participant or on his behalf in accordance with the specification as determined under Sections 3.01(b), 3.04, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 4.02 and 4A.03.

SECTION 7.05 Payment of Plan Expenses.  
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Brokerage fees, commissions, taxes, and other charges and expenses incident to the purchase, sale and servicing of investments and other taxes, if any, payable by the Trustees on the assets, or on income thereof, at any time held in each Fund may be paid by such Fund to the extent permitted by ERISA and the Code. All other expenses and charges incurred in the administration of the Plan, including the Trustees' fees and/or investment management fees, shall be paid by the Corporation.

SECTION 8

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BENEFITS

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SECTION 8.01 Fully Vested Termination.

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A Participant shall receive a cash payment in an amount equal to the dollar value of the balance of the Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990, "preceding" shall be substituted for "following") the date of Termination of Employment for any of the following reasons:

- (a) To receive early, normal, or disability retirement benefits for which he is qualified under a Lockheed Retirement Plan; or
- (b) Layoff for a period of four weeks; or
- (c) Death; or
- (d) Entry into the Armed Forces of the United States; or
- (e) Because of permanent disability for a continuous period of six (6) or more months. A Participant shall be deemed to be permanently disabled when, on the basis of medical evidence satisfactory to the Committee, the Committee finds that he is wholly and continuously disabled and prevented from performing his regular occupation for wage or profit as the result of bodily injury or disease, either occupational in cause or non-occupational in cause.

BENEFITS

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A Participant shall not be deemed permanently disabled if, on the basis of proof satisfactory to the Committee, the Committee finds that his incapacity arises out of chronic alcoholism, or addiction to narcotics (unless the disabling condition is caused, in and of itself, by an organic disease or organic condition resulting from such alcoholism or addiction), an injury self-inflicted or incurred while he was engaged in a felonious enterprise, or resulted therefrom, or resulted from service in the armed forces of any country except those of the United States; or

(f) For any reason on or after attaining age sixty-five (65); or

(g) To receive a deferred monthly retirement benefit for which he is qualified under a Lockheed Retirement Plan, providing either the date of Termination of Employment occurs within the period of thirty (30) calendar days immediately preceding such Participant reaching sixty-five (65) years of age, or payment of the deferred monthly retirement benefit begins on the first day of the calendar month following the month of Termination of Employment.

SECTION 8.02 Vesting Schedule.

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(a) Upon Termination of Employment for reasons other than those set forth in Section 8.01, a Participant who does not have at least one Hour of Service on or after January 1,



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1990 shall receive a cash payment in an amount equal to the sum of the following:

(1) The dollar value of the balance of Units and Shares in his Participant's Account which were credited with respect to Elective Deferral amounts made by such Participant, determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(2) Twenty-five percent (25%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the second (2nd) year immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(3) Fifty percent (50%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the third

BENEFITS

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(3rd) year immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(4) Seventy-five percent (75%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the fourth (4th) year immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment;

(5) One hundred percent (100%) of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for the fifth (5th) year and years beyond, immediately preceding such Termination of Employment, such dollar value being determined as provided in Sections 6.01 and 6.02 on the

BENEFITS

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Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment.

The Corporation shall maintain separate subaccounts within a Participant's Account if necessary to account for the Participant's vested interest in the Units and Shares in his Participant's Account which were credited with respect to Corporation Matching Contributions for each Quarter.

(b) Upon Termination of Employment for reasons other than those set forth in Section 8.01, a Participant with at least one Hour of Service on or after January 1, 1990 shall receive a cash payment in an amount equal to the sum of the following:

(1) the dollar value of the balance of Units and Shares in his Participant's Account which were credited with respect to Elective Deferral amounts made by such Participant, determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment; and

(2) the vested portion of the dollar value of the balance of the Units and Shares in his Participant's Account which were credited with respect to Corporation

BENEFITS

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Matching Contributions, such dollar value being determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such Termination of Employment. The vested portion of the dollar value shall be determined in accordance with the following:

| Completed Years of Service    | Vested Percent |
|-------------------------------|----------------|
| -----                         | -----          |
| Less than 2 year              | 0%             |
| 2 years but less than 3 years | 25%            |
| 3 years but less than 4 years | 50%            |
| 4 years but less than 5 years | 75%            |
| 5 years or more               | 100%           |

SECTION 8.03 Refund of Elective Deferrals Between  
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Valuation Date and Termination Date.  
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Prior to July 1, 1990, Participant, or his beneficiary, who receives payment of an amount pursuant to the provisions of Section 8.01 or Section 8.02 shall have refunded to him any Elective Deferral amounts specified by him (but not Corporation Matching Contributions) between the Valuation Date as of which such payment under Section 8.01 or Section 8.02 was computed and the date of Termination of Employment.

SECTION 8.04 Rehire.  
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(a) In the event that a Participant Terminates Employment for reasons other than those set forth in Section 8.01 and is not reemployed by Lockheed Corporation or a subsidiary or affiliate thereof during the Plan Year in

BENEFITS

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which the termination occurs, such Participant shall thereupon forfeit all Units and Shares credited to such Participant's Account and the amounts with respect thereto in the Trust Fund to which he is not entitled as a benefit as determined under the provisions of Section 8.02, subject to restoration under Subsection 8.04(b). In the event that a Participant Terminates Employment for reasons other than those set forth in Section 8.01 and is reemployed by Lockheed Corporation or a subsidiary or affiliate thereof during the Plan Year in which the termination occurs, such Participant shall retain all Units and Shares credited to such Participant's Account and the amounts with respect thereto in the Trust Funds which were not paid to him in the amount computed under the provisions of Section 8.02, and such Participant shall vest and/or continue to vest in said sums at the rate described in Section 8.02 without regard to the effect which said Termination of Employment would otherwise have on vesting. Amounts so retained shall be distributable to the extent vested at the time of distribution only pursuant to the provisions of Sections 8.01 or 8.02 or 9.01.

(b) To the extent required by applicable statute or regulation, in the event a Participant Terminates Employment and is reemployed by Lockheed Corporation or a subsidiary or affiliate thereof without incurring a Break in Service

BENEFITS

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(five (5) consecutive one-year Breaks in Service in the case of persons who had not completed a one-year Break in Service prior to December 30, 1985), such Participant shall have restored to his Participant's Account any amounts previously forfeited pursuant to Subsection 8.04(a). Such restoration shall be in compliance with applicable statute or regulation, and in accordance with rules determined by the Committee and uniformly applied to all Participants. Such Participant shall continue to vest in said restored amounts from such date of reemployment at the rate described in Section 8.02. All rights to restoration of forfeited amounts shall lapse if this Plan is terminated as to affected persons who have not been reemployed before Plan termination.

SECTION 8.05 Installment Payment Election.  
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A Participant who becomes entitled to receive a cash payment under the provisions of Section 8.01(a) or under the provisions of Section 8.01(g) may, prior to Termination of Employment for such reason and subject to the provisions hereinafter set forth, elect, in lieu of such cash payment, that the total number of Units and Shares in his Account be paid to him in 60, 120, 180 or 240 equal monthly installments commencing as of the last day of the month following the month in which the Participant's employment has been so terminated provided he is then living and provided further that the dollar value of the

BENEFITS

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first such payment is not less than thirty dollars (\$30). The dollar value of each such payment shall be equal to the dollar value of such Units and Shares as are to be paid in such installment, determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately preceding the date such payment is due. In the event that a Participant dies prior to the commencement date of his payments, the Participant's election of such method of payment shall become inoperative and a lump sum payment to his beneficiary shall be made. In the event that a Participant dies on or after the commencement date of such payments but before payment to him of all payments due him, the dollar value of the remaining balance of the Units and Shares in the Participant's Account shall be paid in one lump sum to the Participant's beneficiary as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of the death of such Participant. Election of such method of payment must be made in writing by Filing With The Committee prior to Termination of Employment. In the event that a Participant chooses to revoke his election of such method of payment after the commencement date of such payments but before payment to him of all payments due him, he may elect, in writing, to revoke his previous election of such method of payment by Filing With The Committee. In such event, the dollar value of the remaining balance of the

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Units and Shares in the Participant's Account shall be paid in one lump sum to the Participant as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of such election or revocation. Notwithstanding anything to the contrary contained herein, such monthly installment payments shall be suspended when a Participant is rehired by the Corporation and elects to resume Elective Deferrals to the Plan. Upon subsequent Termination of Employment such Participant may elect any optional form of payment under the Plan for which he is eligible. Notwithstanding any other provision of this Section to the contrary, the period of such installment payments may not extend beyond the life expectancy of the Participant or the joint life expectancies of the Participant and his spouse.

SECTION 8.06 Commencement of Distributions.

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(a) All distributions from this Plan to a Participant (or to his beneficiary following the Participant's death) shall be made in accordance with the legal requirements set forth in Sections 401(a)(9), 401(k), and related provisions of the Code and Treasury Regulations issued pursuant to such provisions, notwithstanding any provision in this Plan to the contrary.

(b) A Participant's Account shall be distributed within sixty (60) days of such Participant's Termination of



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Employment if the Participant so consents in writing at the time of his Termination of Employment. If a Participant fails to give such written consent at such time, his Participant's Account shall not be distributed before such Participant attains age sixty-five (65). Subject to the foregoing, distribution shall be made or commenced not later than the sixtieth (60th) day after the close of the Plan Year in which the latest of the following events occurs:

(1) The Participant attains the earlier of age sixty-five (65) or becomes eligible to receive normal retirement benefits under a Lockheed Retirement Plan;

(2) There occurs the tenth (10th) anniversary of the year in which the Participant commenced participation in the Plan; or

(3) The Participant has a Termination of Employment.

(c) Notwithstanding any other provisions of this Plan, distribution of a Participant's Account must commence by the Participant's "Required Beginning Date", except as provided in Section 8.06(d), and shall be made in accordance with the provisions of Section 8.08.

(1) A Participant's Required Beginning Date for purposes of this Plan shall be the December 31 of the calendar year in which the Participant attains age 70-1/2.

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(2) Notwithstanding the provisions of paragraph (1), the Required Beginning Date for a Participant who is not a "five percent owner" within the meaning of Section 416(i) of the Code and who attains age 70-1/2 in calendar year 1988 or 1989 shall be April 1, 1990.

(3) Notwithstanding the provisions of paragraphs (1) and (2), the Required Beginning Date for a Participant who is not a "five percent owner" within the meaning of Section 416(i) of the Code and who attained age 70-1/2 prior to January 1, 1988 shall be the April 1 next following the Participant's Termination of Employment. However, a Participant described in this Section 8.06(c)(3) may, by Filing With the Committee within the one-time election period established by the Committee, irrevocably elect April 1, 1990 as his Required Beginning Date.

(d) If an amount payable under any provision of this Plan cannot be clearly ascertained or the person to whom it is payable has not been determined or located, distributions shall be made or commenced no later than sixty days after such amount is ascertained or such person is located.

SECTION 8.07 Stock Distributions.  
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A Participant, or his beneficiary, who becomes entitled to receive a cash payment under the provisions of Sections 8.01, 8.02, 8.05, 8.06, 8.08 or 9.01 and whose

BENEFITS

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Participant's Account is invested in part in the Lockheed Martin Stock Fund or ESOP Fund, may elect, by Filing With The Committee, to receive such part of his distribution either entirely in cash or entirely in the form of Share certificates (with fractional Shares paid in cash). The number of Shares distributed shall be calculated by:

(a) dividing the dollar value of the Units in the Participant's Account allocated to the Lockheed Martin Stock Fund as of the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of Termination of Employment by the published composite closing price per Share on said Valuation Date, and adding

(b) the number of Shares allocated to the Participant's Account as of the Valuation Date coincident with or immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of Termination of Employment.

Distribution of such Shares will be made, at the direction of the Trustee(s), by the duly appointed transfer agent of Lockheed Corporation. Notwithstanding the provisions of Section 12.07, distributions effected by stock certificates cannot be reinvested in the Plan. In the absence of any valid election under this Section, such distribution will be made in cash.

Section 8.08 Mandatory Distributions.

(a) (1) A Participant who, pursuant to the provisions of Section 8.06(c)(1), is subject to a mandatory distribution from his Participant's Account prior to his Termination of Employment shall receive five (5) annual cash payments, calculated as provided in Section 8.08(g), commencing as of the month in which his Required Beginning Date occurs, provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(2) A Participant who becomes entitled to installment payments under Section 8.08(a)(1) may, prior to his Required Beginning Date and subject to the provisions hereinafter set forth, elect to receive in lieu of such five (5) annual installment payments

(i) a lump sum cash payment equal to the dollar value of the balance of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date occurring in October of the year in which his Required Beginning Date occurs, or

(ii) ten (10) annual cash payments, calculated as provided in Section 8.08(g), commencing as of the month in which his Required Beginning Date occurs provided he is then living

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and provided further that the dollar amount of the first such payment is not less than \$30.

(b) (1) A Participant who, pursuant to the provisions of Section 8.06(c)(2), is subject to a mandatory distribution from his Participant's Account prior to his Termination of Employment, or who has so elected such a distribution pursuant to Section 8.06(c)(3), shall receive five (5) annual cash payments calculated as provided in Section 8.08(g), commencing as of the month preceding the month in which his Required Beginning Date occurs provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(2) A Participant who becomes entitled to installment payments under Section 8.08(b)(1) may, prior to his Required Beginning Date and subject to the provisions hereinafter set forth, elect to receive in lieu of such five (5) annual installment payments

(i) a lump sum cash payment equal to the dollar value of the balance of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date occurring in January of the year in which his Required Beginning Date occurs, or

(ii) ten (10) annual cash payments, calculated as provided in Section 8.08(g),

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commencing as of the month preceding the month in which his Required Beginning Date occurs provided he is then living and provided further that the dollar amount of the first such payment is not less than \$30.

(c) Annual installment payments due to a Participant pursuant to the provisions of Sections 8.08(a)(1), 8.08(b)(2)(ii), 8.08(b)(1), or 8.08(b)(2)(i) (other than the initial payments described in Sections 8.08(b)(1) and 8.08(b)(2)(ii)) shall be paid to the Participant in December of each applicable year. Following payment of the last such annual installment, the Participant will be paid each December prior to his Termination of Employment the cash amount equal to the dollar value of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 on the Valuation Date occurring in October of the year in which such distribution occurs. A Participant who elected to receive a lump sum payment pursuant to Section 8.08(a)(2)(i) or 8.08(b)(2)(i) shall be paid each December subsequent to such lump sum distribution and prior to his Termination of Employment a cash amount as calculated in the preceding sentence.

(d) In the event that a Participant dies prior to the commencement of installment payments pursuant to Section 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), or

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8.08(b)(2)(ii), the installment method of payment shall become inoperative and a lump sum payment shall be made to his beneficiary. In the event that a Participant dies on or after the commencement date of such payments, but before payment to him of all payments due him, the dollar value of the remaining balance of the Units and Shares in the Participant's Account shall be paid in one lump sum to the Participant's beneficiary as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately following (prior to July 1, 1990 "preceding" shall be substituted for "following") the date of the death of such Participant.

(e) A Participant receiving installment payments under the provisions of Sections 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), or 8.08(b)(2)(ii) may irrevocably elect to cancel his installment payments and receive, in lieu of his next scheduled December installment payment, a lump sum cash payment in an amount equal to the value of Units and Shares in his Participant's Account as determined as provided in Sections 6.01 and 6.02 as of the Valuation Date occurring in October of the year in which the lump sum distribution is made. A Participant's election to so cancel his installment payments will be valid only if it has been Filed With The Committee for at least sixty (60) days prior to the December installment distribution date.

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(f) A Participant receiving payments pursuant to this Section 8.08 may, upon Termination of Employment, elect any form of optional benefit payment then available under the Plan, provided such form of payment meets the requirements of Code Section 401(a)(9). The Committee may deny the optional benefit form selected by the Participant or adjust it in any manner necessary to arrive at a form of payment which meets the requirements of the Code.

(g) Annual installment payments payable pursuant to the provisions of Sections 8.08(a)(1), 8.08(a)(2)(ii), 8.08(b)(1), and 8.08(b)(2)(ii) shall be calculated by dividing the balance of Units and Shares in the Participant's Account on the last day of the calendar year prior to the calendar year in which the distribution date occurs (as determined under Sections 6.01 and 6.02 and less any distributions previously made to the Participant in the same calendar year by reason of this Section 8.08) by the number of installment payments not yet distributed and either

(1) valuing the resulting number of Units and Shares as provided in Sections 6.01 and 6.02 as of the October Valuation Date immediately preceding the December distribution date, or

(2) valuing the resulting number of Units and Shares as provided in Sections 6.01 and 6.02 as of the



BENEFITS

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January Valuation Date immediately preceding the April distribution date, whichever is applicable.

SECTION 9

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PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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SECTION 9.01 Withdrawals Other Than Hardship.

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Notwithstanding other provisions of the Plan to the contrary, a Participant may withdraw a part or all of the dollar value of the balance of Units and Shares of Thrift Stock in his Participant's Account attributable to Corporation Matching Contributions that are not ESOP Contributions to the extent vested under the provisions of Sections 8.02(a)(3), (4) or (5) or 8.02(b), subject to the following conditions and limitations:

(a) Such withdrawal will be permitted only once every twenty-six (26) weeks;

(b) Such withdrawal may not be in an amount less than three hundred dollars (\$300), and any larger amount must be added in increments of fifty dollars (\$50). If the entire amount subject to withdrawal under this Section 9.01 is less than three hundred dollars (\$300), such amount may be withdrawn, but only in its entirety;

(c) Corporation Matching Contributions may be withdrawn under this Section 9.01 only to the extent they are vested and were made prior to the twenty-four (24) month period ending on the effective date of the withdrawal; and

(d) A Participant may not withdraw any part of the dollar value in his Participant's Account attributable to ESOP Contributions.

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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A Participant making such withdrawal shall not be entitled to receive the Corporation Matching Contributions described in Section 4.01 for a period of twenty-six (26) weeks next following such withdrawal.

SECTION 9.02 Proportion of Units and Shares  
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Deducted Upon Withdrawal.  
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Upon withdrawal under Section 9.01 or 9.03, the number of Units or Shares equivalent to the Unit or Share value of dollars so withdrawn on the Valuation Date of the month in which the application for withdrawal is Filed With The Committee (prior to July 1, 1990 "coincident with or immediately preceding the date of such withdrawal" shall be substituted for "of the month in which the application for withdrawal is Filed With The Committee") shall be deducted from the Units and Shares then in such Participant's Account. Such deductions shall be based on the dollar value of Units and Shares credited to the Bond Fund, Thrift Stock in the ESOP Fund, the Lockheed Martin Stock Fund, the Securities Fund and/or the STIF Fund in the same proportion as the dollar value of such Units and Shares in such Participant's Account are at such time credited to each Fund.

SECTION 9.03 Hardship Withdrawal.  
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(a) (1) A Participant who is not eligible to make a withdrawal under Section 9.01 because of the provisions of Section 9.01(a), may withdraw amounts otherwise available under Section 9.01 and Elective Deferral

amounts (but not earnings on Elective Deferral amounts) only as may be required to relieve financial hardship.

(2) A Participant with a financial hardship may withdraw amounts available under Section 9.01 and Elective Deferral amounts (but not earnings on Elective Deferral Amounts) to relieve the hardship without first making a withdrawal under the provisions of Section 9.01 which would result in suspension of Corporation Matching Contributions.

(3) Elective Deferral amounts may be withdrawn only after the Plan Account balances available under Section 9.01 have been totally withdrawn under Section 9.01 or this Section 9.03. Effective April 1, 1989, an application for a withdrawal under this Section 9.03 shall be considered by the Committee only if the Participant provides written evidence that he has one or more of the immediate and heavy financial needs described in subsection (b) and that the withdrawal is necessary to satisfy the need as described in subsection (c). A hardship withdrawal will be granted only if the Committee, after considering all relevant facts and circumstances and applying the objective standards of this Section 9.03 in a nondiscriminatory manner, determines the existence of an immediate and heavy financial need and the amount necessary to meet the need.

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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(b) An immediate and heavy financial need exists only if the requested withdrawal is to satisfy:

(1) non-reimbursed medical expenses described in Code Section 213(d) (generally, those for "medical care") incurred by the Participant, his spouse or any of his dependents,

(2) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence,

(3) non-reimbursed expenses directly related to a fire, explosion, flood, wind, rain, lightning, snow, sleet, hail, ice, volcanic eruption, tidal wave, earthquake, mudslide or other similar natural disaster,

(4) non-reimbursed expenses not described in subsection (1) above which are directly related to the institutionalizing of the Participant, his spouse or any of his dependents in a hospital, facility for the care or education of the mentally or physically handicapped, nursing home, skilled care facility, hospice, in-patient substance abuse center, rehabilitation center, or institution of a similar nature, but not including camps, detention centers, jails, or prisons,

(5) non-reimbursed expenses directly related to the burial of the Participant's spouse or any of his

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

dependents (determined without regard to the support and residency tests of Section 9.03(e)(1)(i) and (ii), including travel expenses only if the burial costs have been borne by the Participant, and excluding wages lost due to administering an estate, preparing for a funeral, or attending a funeral.

(6) non-reimbursed tuition, room and board, books, and fees for the next semester or quarter of primary (grades 1 through 8), secondary (grades 9 through 12), or post-secondary education for the Participant, his spouse, or any of his dependents, excluding expenses related to enrollment in child care or day care facilities and for instruction in music, dance, athletics, and the like which is outside of the student's basic education curriculum,

(7) the need to replace gross wages (net of disability benefits, workers compensation insurance or any other payment received as a result of prolonged absence) ordinarily paid by the Employer to the Participant, but only if

a. the Participant has been on prolonged absence status for a period of at least four consecutive weeks, and

b. the Participant makes a request for withdrawal by Filing With The Committee while on prolonged absence status or within 30 days after

returning to active payroll status or within 30 days after prolonged absence status has otherwise been terminated, or

(8) down payment, closing costs and other non-reimbursed expenses directly related to the purchase, construction, or major renovation of the principal residence for the Participant, but not including expenses related to repairs, remodeling, decorating, landscaping, refinancing, mortgage payments, leasing, or real property taxes or homeowners dues other than such taxes or dues payable as part of closing costs. For purposes of this Section 9.03(b)(8), a residence shall be treated as undergoing a major renovation only if the expenditures materially extend the useful life of the residence and significantly upgrade its usefulness through

a. gutting and extensive reconstruction of major structural components,

b. cure of a substantial accumulation of major disrepair, limited to expenses necessary to bring major housing components and systems into compliance with local building, health or safety codes or otherwise make the dwelling habitable,

c. changing the floor plan by means of tearing down existing interior walls and

partitions and building new walls, partitions, and doors,

d. enlarging the dwelling by increasing the total volume, other than an increase in interior floor space resulting from interior remodeling, or

e. completion of construction of areas left unfinished in the original construction of the dwelling.

(c) A withdrawal is necessary to satisfy an immediate and heavy financial need only if

(1) the amount withdrawn does not exceed the amount of the need,

(2) the need cannot be relieved through reimbursement or compensation by insurance, workers compensation, unemployment insurance, disability payments, scholarships, grants, or otherwise,

(3) the need cannot be relieved by cessation of Elective Deferrals under the Plan,

(4) the need cannot be relieved by other distributions or nontaxable (at the time of the loan) loans currently available from any plans maintained by the Corporation (including this Plan) or any other employer,

(5) the need cannot be relieved by borrowing from commercial sources on reasonable commercial terms, and



(6) the need cannot be relieved by reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need. The provisions of paragraphs (4), (5) and (6) of this Section 9.03(c) shall not apply to a withdrawal of amounts available under Section 9.01. However, a Participant requesting a hardship withdrawal of amounts available under Section 9.01 must establish that the amount requested is not reasonably available from other sources.

(d) For purposes of Section 9.03(c)

(1) The Participant's resources shall be deemed to include those assets of his spouse and minor children that are reasonably available to the Participant, including assets held as community property, joint tenants, tenants by the entirety, or tenants in common, but excluding property held for the Participant's child under an irrevocable trust or under the Uniform Gifts to Minors Act.

(2) Liquidation of the following assets will be considered an "unreasonable liquidation" and will not be required as a prerequisite to a withdrawal under Section 9.03:

(i) The Participant's aggregate interest in real property or personal property that the Participant, his spouse or

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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any of his dependents uses as a principal residence, or in a cooperative that owns property that the Participant, his spouse or any of his dependents, uses as a principal residence.

(ii) The Participant's interest in motor vehicles, excluding recreational vehicles, used by the Participant, his Spouse, or any of his dependents for transportation to and from a school or place of employment.

For purposes of this paragraph (d)(2) "Participant's interest" includes the interests of the Participant's spouse and minor children described in paragraph (d)(1) above.

(e) Except as expressly provided otherwise, for purposes of this Section 9.03, "dependent" means

(1) the Participant's child (including an adopted child), grandchild, stepchild, brother, sister, halfbrother, halvesister, stepbrother, stepsister, parent, grandparent, stepparent, aunt, uncle, niece, nephew, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and any other individual (including a cousin) whose principal place of abode is the Participant's home and who is a

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member of the Participant's household without being in violation of local law if

(i) the relative or other individual is a citizen, resident, or national of the United States or a resident of Canada or Mexico and

(ii) the Participant provides more than one-half of the relative's or other individual's support, and

(2) any other individual who is the Participant's dependent within the meaning of Code Section 152.

(f) The Committee shall be entitled to rely, without the need for independent certification, on the authenticity of all documents submitted by the Participant in support of his application under this Section 9.03 and on the truthfulness of the facts and representations set forth by the Participant in such application.

SECTION 9.04 Participant Account Loans.  
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(a) The Committee shall have the investment management discretion to direct the Trustee to lend money to Participants. Each such loan shall be treated as an investment of a portion of the Trust Funds representing the borrowing Participant's Account. The Committee may, upon finding that such actions are necessary or desirable, establish loan policies which permit the waiver of defaults

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS  
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or which establish any loan procedures or requirements which are not inconsistent with this Section.

(b) A Participant who wishes to borrow money from the Plan shall file a written loan application with the Committee. The Committee, in its sole fiduciary discretion, shall approve the loan unless it determines that such investment of Trust Fund assets is not in the best interest of Plan Participants and beneficiaries. The Committee shall exercise its discretion in a uniform and nondiscriminatory manner. A loan shall be granted only under the following requirements and conditions.

(1) Beginning October 1, 1989, no loan shall be made in an amount which exceeds the combined value of the Participant's Elective Deferral amount and no loan shall be made in an amount which exceeds fifty percent (50%) of the value of the vested portion of the Participant's Account. In addition, no loan shall be made in an amount greater than \$50,000 (reduced by the Participant's highest outstanding loan balance during the preceding 12-month period under this or any other qualified pension benefit plan of the Corporation).

(2) No loan shall be made to a Participant who has a loan outstanding under this or any other qualified pension benefit plan of the Corporation.

(3) The loan shall bear interest at an annual percentage rate (rounded to the nearest one-half of one

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

percentage point) equivalent to the weekly average yield, adjusted for constant maturity, on five-year Treasury notes. The rate shall be established semi-annually as of the last week of November for loans made in the first six-month period of the following Plan Year; and as of the last week of May for loans made in the last six months of the current Plan Year.

(4) The minimum loan amount shall be \$500, except that the minimum loan amount for a Residential Loan shall be \$1,000. Any additional amounts must be in \$100 increments. A Residential Loan is a loan made to a Participant which is used to acquire any dwelling unit which is to be used within a reasonable period of time, as the principal residence of the Participant. An application for a residential loan must contain such documentation as is satisfactory for the Committee to verify the purpose of the loan.

(5) Interest and principal on a loan must be repaid through authorized payroll deduction in equal installments of at least \$10 per week over one or more whole-year (52-week) periods. The maximum repayment period shall be four years (208 weeks), except that the maximum repayment period for a Residential Loan shall be 15 years (780 weeks). The maximum weekly repayment amount may not exceed twenty-five percent (25%) of the Participant's Weekly Rate of Compensation. One pick-up

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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payment per week, for a maximum of thirteen consecutive weeks, is required for a Participant whose repayments are in arrears because of insufficient earnings. Repayments will be invested in the Fund or Funds specified by the Participant for current Elective Deferrals or otherwise the most recent Elective Deferral specification by such Participant as shown on the records of the Trustee(s).

(6) The Loan shall be documented by such application forms, notes, evidences of indebtedness and other instruments, executed by the Participant, which the Committee in its discretion shall require. A loan fee in the amount which is the greater of \$25 (\$50 in the case of a Residential Loan) or one-half of one percent of the amount of the loan shall be added to the payments made on the loan in a manner determined by the Committee. The spouse of a married Participant must consent to the loan application.

(7) A Participant is not eligible to apply for a loan until 13 weeks have expired following the repayment in full of a previous loan. This restriction is not applicable with respect to a loan for the purpose of refinancing an existing loan.

(8) A Participant will not be permitted to refinance a loan during the initial year of the loan, and may do so only once thereafter. A refinancing loan

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shall be subject to the same terms and conditions currently applicable to new loans, except the term thereof cannot extend beyond five (5) years from the date the loan was originally made, or, in the case of a Residential Loan, five (5) years beyond the original maturity date thereof.

(9) A Participant will be permitted to prepay a loan:

a. At anytime after the loan has been in effect for 13 weeks; or

b. Within the 30-day period preceding the Participant's Termination of Employment. Any prepayment must be in the amount of the full outstanding loan balance.

(10) A Participant who is on an authorized leave of absence without pay may elect to continue repayments during such period. Such repayments may be made either weekly or monthly in the full amount due at such time of repayment. Upon return to the active payroll, a Participant who has not kept his repayments current may have the term of his loan extended by the number of weeks such repayments were not made, except that such extension will not be permitted if the term would extend beyond five (5) years from the date the loan was originally made, or in the case of a Residential Loan,

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five (5) years beyond the original maturity date thereof.

(11) A Participant shall be in default of a loan if such Participant:

a. is an active Employee who has insufficient earnings to make a repayment for 13 consecutive weeks, or is otherwise 13 weeks or more in arrears in such weekly repayments; or

b. is an Employee returning from an authorized leave of absence without pay whose loan term cannot be extended pursuant to Subsection (b)(10) and who:

(i) does not pay all arrearages in a lump sum, or

(ii) is unable to pay up all arrearages through 13 consecutive pick-up payments, and fails to refinance the loan; or

c. has filed for relief under the U.S. Bankruptcy Code.

(12) A Participant who is in default of a loan:

a. will be suspended from making Elective Deferrals for a period commencing on the date of default and ending on the later of:

(i) one year from such date, or



PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS  
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(ii) the date on which the outstanding loan balance is repaid by a single lump sum payment; and

b. will be ineligible to apply for a new loan for a period commencing on the date of default and ending on the later of

(i) one year from such date, or

(ii) thirteen (13) weeks following the repayment in full of the loan.

(13) Loan proceeds shall be deducted from the borrowing Participant's Account, based upon the Valuation Date of the month in which the loan is approved by the Committee. However, prior to July 1, 1990, loan proceeds shall be deducted from the borrowing Participant's Account based upon the Valuation Date coincident with or immediately preceding the date on which the Participant Files With The Committee the promissory note evidencing the loan debt. Loan proceeds will be deducted based on the dollar value of the Units and Shares credited to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and/or the ESOP Fund in the same proportion as the dollar value of such Units and Shares in such Participant's Account are at such time credited to the Bond Fund, the Lockheed Martin Stock Fund, the Securities Fund, the STIF Fund and/or the ESOP Fund.

PARTICIPANT ACCOUNT WITHDRAWALS AND LOANS

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(14) Each loan from the Plan shall be secured by the borrowing Participant's Account in the Plan. If a Participant has a Termination of Employment before the loan is repaid, the loan shall become due immediately and shall be repaid out of the Participant's Account, which shall be reduced accordingly.

(15) All repayments, other than by authorized payroll deductions, shall be made by certified check or money order payable to the order of The Corporation, and delivered to a Plan Representative.

SECTION 10

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DEATH BENEFITS

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SECTION 10.01 Spousal Consent.

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In the event a Participant dies on or after August 23, 1984, such Participant's Account under the Plan will be paid to his or her surviving spouse or to his or her designated beneficiary if there is no surviving spouse. If there is a surviving spouse and the Participant and spouse wish that death benefits under this Plan be paid to a designated beneficiary, the Participant may designate a beneficiary to receive his or her Participant's Account in lieu of the spouse but only with spousal consent of the person who is the spouse at the time of the Participant's death. Spousal consent will only be valid if it is made in writing on a form prescribed by the Committee, the spouse acknowledges the effect of the consent and the acknowledgement is witnessed by a Plan representative or a notary public. If the existence of a surviving spouse is uncertain or if the validity of spousal consent is unclear, the Committee shall withhold payment of death benefits until such time as spousal existence or the validity of spousal consent can be determined with certainty. The Committee in its discretion may refuse to recognize a spousal consent if it believes for any reason that the consent is invalid.

DEATH BENEFITS

SECTION 10.02 Designation of Beneficiary or  
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Beneficiaries.  
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Subject to the provisions of Section 10.01, a Participant may designate in writing a beneficiary or beneficiaries. The terms "beneficiary" or "beneficiaries" shall mean any person or persons so designated by a Participant to receive benefits to which such Participant may be entitled under the Plan upon his death. If more than one beneficiary is named, the Participant may specify the sequence and/or proportion in which payments shall be made to each beneficiary. In the absence of a specification of either sequence or proportion, payments shall be made in equal shares to all named beneficiaries. All such designations shall be made by Filing With The Committee. In the absence of such designation which is effective, payments shall be made in accordance with applicable law. When payment has been made in accordance with the foregoing provisions, there shall be no further liability of the Corporation, the Trustees, or any other person or legal entity to anyone in connection with such deceased person under the Plan.

SECTION 11  
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NAMED FIDUCIARIES  
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AND  
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ALLOCATION OF RESPONSIBILITIES  
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SECTION 11.01 Named Fiduciaries.  
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The following persons shall be "Named Fiduciaries" under the Plan and Trust Agreements, and shall be the only Named Fiduciaries hereunder:

(a) The Trustee. Any Trustee designated hereunder shall be a bank or  
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trust company qualified under the laws of the United States or of any State to operate thereunder as a trustee.

(b) The Corporation, as Plan Sponsor. Any authority assigned or  
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reserved to the Corporation under the Plan and Trust Agreement shall be exercised by resolution of the Board of Directors. Such a resolution shall become effective with respect to the Trustee upon receipt by the Trustee of a certified copy of such Board of Directors' resolution.

(c) The Committee, as Administrator of the Plan. The Committee shall  
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be appointed to serve as Administrator by resolution duly adopted by the Board of Directors. Whenever a Committee is so appointed, the Trustees shall be advised of the name or names of the person or persons so appointed by providing to the Trustees a certified copy of such Board of Directors' resolution, and the Trustees may assume that

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES  
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such person or persons shall continue in office until advised differently in the same manner. Whenever a Trustee must or may act upon the direction or approval of the Committee, the Trustee may act upon written communication signed by a majority of such Committee, or an agent appointed in writing by a majority of such Committee to act on the Committee's behalf, and the authority of any such agent shall be deemed to continue until revoked in writing. In such case, the Trustee shall not be responsible for failure to act without such a communication.

(d) The Participant, under Sections 4A.06 and 4A.07. A Participant  
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shall be a "Named Fiduciary" solely for purposes of tender and voting of Stock as provided in Sections 4A.06 and 4A.07.

SECTION 11.02 Allocation of Responsibilities.  
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Responsibilities shall be allocated among the Named Fiduciaries as follows:

(a) Each Trustee shall, unless otherwise directed by an Investment Manager (if such has been appointed), have exclusive authority and discretion to manage and invest the assets of the Trust Fund, as provided in its Trust Agreement. Shares in the ESOP Fund shall be tendered, exchanged and voted as provided in Sections 4A.06 and 4A.07. Each Trustee shall further be responsible for the holding and disbursement of all contributions and income received by it under the Plan, as provided in its Trust Agreement, and

shall have such other responsibilities as are provided in such Agreement.

(b) Lockheed Corporation shall have the authority and responsibility for:

- (1) the design of the Plan and Trust Agreements, including amendment of the Plan and Trust Agreements;
- (2) the qualification of the Plan under applicable law;
- (3) the designation of members of the Committee; and
- (4) funding the Plan in accordance with applicable law and determinations of the Committee.

(c) The Committee shall have the responsibility, authority and discretion necessary to control the operation and administration of the Plan and Trust Fund(s) in accordance with the terms of the Plan and Trust Agreement(s), including, without limiting the generality of the foregoing:

- (1) all functions assigned to the Committee under the terms of the Trust Agreements;
- (2) all functions assigned to the Committee under the terms of the Plan;
- (3) determination of benefit eligibility and amount and certification thereof to the Trustees;
- (4) hiring of persons to provide necessary services to the Plan;

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES

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(5) issuance of directions to the Trustees to pay any fees, taxes, charges or other costs incidental to the operation and management of the Plan, as provided in Section 7.05;

(6) preparation and filing of all reports required to be filed by the Plan with any agency of Government;

(7) compliance with all disclosure requirements imposed by state or federal law;

(8) establishment of a funding policy within the meaning of Section 402(b)(1) of ERISA;

(9) maintenance of all records of the Plan other than those maintained by the Trustees;

(10) interpretation and construction of Plan provisions;

(11) establishment of procedures to be followed by Participants and beneficiaries for Filing With The Committee;

(12) the determination of the amounts needed to fund the Plan, and the payment of such amounts from corporate funds to the Trustees;

(13) the appointment, removal and replacement of the Trustees;

(14) the appointment, removal and replacement of one or more Investment Managers (as defined in Section 3(38) of ERISA or any other provision of ERISA



NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES  
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or other statute of similar import) which shall be responsible for the management of such of the assets of the Trust Fund as the Committee shall specify; and

(15) the exercise of all fiduciary functions provided in the Plan or in the Trust Agreements or necessary to the operation of either except such functions as are specifically assigned to other Named Fiduciaries. The Committee may adopt such rules to govern its own procedures as it may deem advisable, provided that such rules are not inconsistent with the provisions and purposes of the Plan or Trust Agreements. The Committee may designate other persons, including the Trustee(s), to carry out its duties and responsibilities, as it may deem appropriate or necessary. The Committee shall, no less often than twice a year, make a report to the Board of Directors of the current status of the operation and administration of the Plan and Trust Funds, which report shall be made in the form and manner determined by the Board of Directors.

(d) Participants who have Shares credited to their Participants' Accounts shall make tender or exchange decisions and voting decisions with respect to Shares as provided in Sections 4A.06 and 4A.07.

NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITIES

SECTION 11.03 Shared Responsibility of Fiduciary.

Each Named Fiduciary is allocated the individual responsibility for the prudent execution of the functions assigned to him, and none of such responsibilities or any other responsibility shall be shared by two or more of such Named Fiduciaries unless such sharing shall be provided by a specific provision of the Plan or a Trust Agreement. Whenever one Named Fiduciary is required by the Plan or a Trust Agreement to follow the directions of another Named Fiduciary, the two Named Fiduciaries shall not be deemed to have been assigned a shared responsibility, but the responsibility of the Named Fiduciary giving the directions shall be deemed his sole responsibility, and the responsibility of the Named Fiduciary receiving those directions shall be to follow them insofar as such instructions are on their face proper under applicable law.

SECTION 11.04 Fiduciary Assistance.

A Named Fiduciary may employ one or more persons to render advice concerning any responsibility such Named Fiduciary has under the Plan or Trust Agreement.

SECTION 11.05 Indemnification of the Committee.

To the extent permitted by law, Lockheed Corporation shall indemnify each member of the Committee and any employee of the Corporation who acts as an agent of the Committee, or who advises the Committee, against any and all expenses and/or liabilities arising out of his service or membership on the Committee, or service for or advice to the Committee.

SECTION 12

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GENERAL PROVISIONS

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SECTION 12.01 Corporation's Rights.

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The existence of this Plan or any action hereunder and participation in the Plan shall in no way affect the Corporation's right to discipline, discharge, or take any other action with respect to employees.

SECTION 12.02 Assignment or Pledging of Plan

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Benefits.

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To the extent permitted by law:

No right or benefit provided for in this Plan shall be subject in any manner to anticipation, commutation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to anticipate, commute, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void. No such right or benefit shall be in any manner liable for or subject to the debts, contracts, liabilities, or engagements of any person entitled to such right or benefit. No such right or benefit shall be subject to garnishment, attachment, execution, levy or any other similar adverse legal process, or to bankruptcy or insolvency proceedings of any kind. If any person entitled to rights or benefits under the provisions of this Plan shall attempt to

GENERAL PROVISIONS

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anticipate, commute, alienate, sell, transfer, assign, pledge, encumber or charge any such right or benefit, or if any such right or benefit shall, notwithstanding the provisions of the preceding sentence, be subject, in whole or in part, to garnishment, attachment, execution, levy or any other similar adverse legal process, or to bankruptcy or insolvency proceedings of any kind, then in the sole discretion of the Committee such right or benefit or part thereof, as the case may be, shall cease and determine and in such event the Committee may hold or apply the same, in whole or in part, to or for the benefit of his spouse, children, next of kin or dependents, or any of them, in such manner and in such proportions as the Committee may deem proper. Any right or benefit so held or applied shall be deemed conclusively to have been held or applied, as the case may be, for the benefit of such person entitled to such right or benefit under the provisions of this Plan.

SECTION 12.03 Payment of Benefits to a Minor.

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If the Committee determines that any person entitled to payments under this Plan is a minor or incompetent by reason of physical or mental disability, it may cause all payments then due or thereafter becoming due to such person to be made or any

GENERAL PROVISIONS

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legally authorized person for his benefit, without responsibility to follow the application of amounts so paid. Payments made pursuant to this Section shall completely discharge the Committee, the Trustees, and the Corporation.

SECTION 12.04 Responsibility for Current Address.  
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Each Participant shall be responsible for furnishing the Committee with his current address and the name, current address, and social security number, if any, of his beneficiary if he has designated a beneficiary. Any notices required or permitted to be given hereunder shall be deemed given if directed to such address and mailed by regular United States First-Class mail. The Committee, the Trustees, and the Corporation shall have no obligation or duty to locate such Participant or his beneficiary. In the event a Participant or his beneficiary becomes entitled to a payment under this Plan and such payment cannot then be made because the current address referred to above is incorrect, because such Participant or beneficiary fails to respond to the notice sent to the current address referred to above, because of conflicting claims to such payment, or for any other reason, the amount of such payment, when and if made, shall be the dollar value of the Units and Shares in such Participant's Account with respect to such payment, as such dollar value is determined as provided in Sections 6.01 and 6.02 on the Valuation Date immediately preceding the date such payment is actually made.

GENERAL PROVISIONS

SECTION 12.05 Claim for Benefits.

A claim for benefits shall be presented by Filing With The Committee. Any denial by the Committee of a claim for benefits under the Plan by a Participant or beneficiary shall be stated in writing by the Committee and delivered or mailed to the Participant or beneficiary. Such notice shall set forth the specific reasons for the denial and shall be written in a manner which may be understood without legal or actuarial counsel. Such notice shall also include a description of any material or information necessary for the Participant or beneficiary to perfect the claim, an explanation of why such material or information is needed, and an explanation of the Plan's review procedure. Within sixty days after the receipt of such notice, the Participant or beneficiary may, by Filing With The Committee, request review by the Committee of its initial denial of the claim. Such Participant or beneficiary shall be afforded the opportunity to review pertinent documents relating to the initial denial and submit issues and comments in writing to the Committee. The Participant or beneficiary may, at his expense, be represented by legal counsel during the review proceedings.

SECTION 12.06 Merger or Consolidation of Plan.

In the event of a merger or consolidation with, or transfer of assets and liabilities to, any other plan, each Participant must, if the Plan is then terminated, receive the benefit after the merger, consolidation or transfer of assets and

GENERAL PROVISIONS

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liabilities which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer of assets and liabilities if the Plan had then terminated.

SECTION 12.07 Forfeiture of Undeliverable Benefit.  
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To the extent provided by law, if any benefit under the Plan cannot be paid because, after due diligence, the proper recipient cannot be located during the three (3) year period commencing on the date the benefit is first payable, the amount of the benefit shall be returned to the appropriate Trust Fund as a credit to Corporation Matching Contributions. If, however, a proper recipient subsequently makes a valid claim for such benefit, the amount of such benefit shall be restored to the Trust Fund by the Corporation and will be paid as provided in Section 12.04.

SECTION 12.08 Qualified Domestic Relations Order.  
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(a) This Plan will follow the terms of any qualified domestic relations order issued with respect to a Participant. However, the Plan will only follow orders which meet all of the requirements of subsection (b).

(b) A "qualified domestic relations order" is any judgment, decree or order, including the approval of a property settlement or agreement, provided that

(1) the order relates to the provision of child support, alimony or marital property rights and is made

GENERAL PROVISIONS

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pursuant to state domestic relations or community property laws;

(2) the order creates or recognizes the existence of an alternate payee's right to receive all or a portion of a Participant's Account;

(3) the order specifies the name and last known mailing address of the Participant and each alternate payee covered by the order;

(4) the order specifies the amount or percentage of the Participant's Account to be paid to each alternate payee or the manner in which the amount or percentage is to be determined;

(5) the order specifies the number of payments or the period to which the order applies;

(6) the order specifically names this Plan as the plan to which the order applies;

(7) the order does not require this Plan to provide any type of benefits or form of benefits not otherwise provided under this Plan;

(8) the order does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined by the Committee to be a qualified domestic relations order; and



GENERAL PROVISIONS

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(9) if the order requires that payments to the alternate payee commence before they commence with respect to the Participant, the order specifies that payments will not commence before the Participant attains or would have attained the earliest allowable retirement age under the Plan.

A qualified domestic relations order may provide that a former spouse of the Participant is to be treated as a surviving spouse for purposes of the death benefit provisions of this Plan. Subsection (c) sets forth the procedures under which the Committee shall determine whether a domestic relations order properly qualifies.

(c) The Committee shall not treat any judgment, order or decree as a "qualified domestic relations order" unless it meets all of the requirements set forth in subsection (b). If the order meets these requirements, the Committee shall follow the terms of the order whether or not this Plan has been joined as a party to the legal proceeding out of which the order arises. Upon receipt of a domestic relations order, the Committee shall notify the Participant and alternate payee of (1) its receipt of the order and (2) its need to determine the qualified status of the order in accordance with subsection (b). The alternate payee may designate a representative to receive copies of future notices with respect to the qualified status of the order. To the extent an order calls for benefits to be paid to an alternate

GENERAL PROVISIONS

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payee before the qualified nature of the order is determined, a separate account shall be established to hold the benefit payments affected by the order. This account shall be administered in accordance with the rules set forth in Section 206(d)(3)(H) of ERISA.

Section 12.09 Rollover Contributions.  
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An Eligible Employee, regardless of whether he has satisfied the eligibility requirements of Section 3 who has received a distribution from a plan which meets the requirements of Section 401(a) of the Code may, with the approval of and in accordance with procedures approved by the Committee, transfer the distribution received from the other plan to the Trustee; provided that the distribution is eligible for rollover treatment and exclusion from the gross income of the Employee in accordance with applicable law.

SECTION 13

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AMENDMENT OR TERMINATION OF THE PLAN

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SECTION 13.01 Right to Amend Plan.

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The Corporation, through action of its Board of Directors, reserves the right at any time and from time to time to modify or amend, in whole or in part, any or all of the provisions of the Plan, except as provided in any agreement with a collective bargaining agent. Any modification or amendment of the Plan may be made retroactive to the effective date, if necessary or appropriate, for the Plan to qualify and continue to qualify under the Code, provided, however, that no modification or amendment shall be made which shall make it possible for any part of the Trust Fund(s) to be used for, or diverted to, purposes other than for the benefit of those entitled to benefits hereunder.

SECTION 13.02 Termination of Plan - Benefits.

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Although the Corporation hopes and expects to continue the Plan indefinitely the Board of Directors may terminate the Plan for any reason at any time, except as provided in any agreement with a collective bargaining agent. If the Plan is terminated, each Participant or former Participant shall fully vest and shall receive a payment equal to the value of his Participant's Account at the date of distribution. Whenever reference is made in this Section to termination of the Plan this shall mean formal termination of the Plan by appropriate action of the Corporation or by virtue of complete discontinuance by the

AMENDMENT OR TERMINATION OF THE PLAN

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Corporation of contributions called for by the Plan as the term "complete discontinuance of contributions under the plan" is used in Section 411(d)(3) of the Code and the regulations promulgated thereunder. Cessation of Corporation Matching Contributions to the ESOP Feature by reason of the application of any ESOP Ending Date shall not be a complete discontinuance of contributions which causes full vesting of Participants' Accounts, provided Corporation Matching Contributions continue to be made under other provisions of the Plan.

SECTION 13.03 Partial Termination of the Plan.  
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If the Committee determines in its sole discretion that the Plan has been partially terminated, within the meaning of regulations under Code Section 411, the Committee shall determine the date of such termination and who has been affected by the termination. The Participant's Account of all Participants

AMENDMENT OR TERMINATION OF THE PLAN

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affected by the termination who were Employees on the date thereof shall become fully vested and the unvested portion of the Participant's Account of all other affected Participants shall be forfeited. Such Participant's Accounts, to the extent vested, shall remain payable under the terms of the Plan.

SECTION 14

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TOP HEAVY RULES

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SECTION 14.01 Special Rules for Top Heavy Plan.

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(a) If this Plan is or ever becomes "top heavy," as determined under subsection (b), the following special rules shall apply and (for purposes of this Section only, any person excluded from the Plan solely because of the person's failure to make Elective Deferrals shall be considered a Participant):

(1) For any Plan Year in which the Plan is top heavy, each Eligible Employee who is an Employee on the last day of the Plan Year shall receive an allocation of Corporation contributions (including his Elective Deferrals) and forfeitures at least equal to three percent of the Eligible Employee's earnings (as defined in Section 5.02(c)(3)) for the Plan Year.

If an Eligible Employee under this Plan is also covered by another defined contribution plan maintained by the Corporation for the same Plan Year, this Plan and all such other defined contribution plans shall be aggregated in determining whether the minimum benefit required under the Plan is also covered by another defined contribution plan maintained by the Corporation for the same Plan Year, this Plan and all such other defined contribution plans shall be aggregated in determining whether the minimum benefit required under Internal Revenue Code Section 416(c)(2) is provided for the Eligible Employee under this Plan. If an

TOP HEAVY RULES

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Eligible Employee in this Plan is also covered by a defined benefit plan maintained by the Corporation for the same Plan Year and the minimum benefit required under Internal Revenue Code Section 416(c)(1) is being provided under such other plan for the Plan Year if it is not provided under this Plan, minimum benefits under this paragraph need not be provided for the Eligible Employee if the Committee so elects.

(2) For purposes of determining an Eligible Employee's allocation of Corporation Matching Contributions and forfeitures under Section 4.01 and paragraph (1), Elective Deferrals with respect annual to earnings (as defined in Section 5.02(c)(3)) in excess of \$200,000 (or such other amount prescribed under Code Section 416(d) shall be ignored for any Plan Year in which the Plan is top heavy.

(3) All Corporation-provided benefits under this Plan accruing through the end of the Plan's last top heavy year shall vest in accordance with the following schedule:

| Years of Service | Vested Percentage |
|------------------|-------------------|
| -----            | -----             |
| (at least) 2     | 20%               |
| 3                | 40%               |
| 4                | 60%               |
| 5                | 80%               |
| 6 (or more)      | 100%              |

The unvested portion of the Corporation Matching Contributions Account of a Participant who resigns or is discharged shall be forfeited on the last day of the Participant's first Break in Service after such resignation or discharge. If a Participant who resigns or is discharged

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again becomes an Employee before he or she has a Break in Service, the unvested portion of the Participant's Account shall not be forfeited. Thereafter, any allocations for the individual's benefit of Corporation Matching Contributions and forfeitures, and the gains and losses thereon, shall be made to his or her existing Corporation Matching Contribution Account. A former Employee's Vested percentage shall not be determined under this paragraph unless he again becomes an Employee before the unvested portion of his Corporation Matching Contribution Account is permanently forfeited under the terms of this Plan. If a Participant received a distribution from his or her Corporation Matching Contribution Account before it was fully vested, the Participant's vested interest in that Account shall not be determined under Section 8.02 after his rehire. Instead, his vested interest in that Account shall be the amount that would then be vested under Section 8.02 if his Corporation Matching Contribution Account were increased by the amount previously distributed, but with such vested amount being reduced by the amount of the prior distribution. When the Plan ceases to be top heavy, vesting in benefits accruing thereafter shall continue to be determined in accordance with this special vesting provision for a Participant who has five (5) or more Years of Service when the Plan ceases to be top heavy. The Committee shall establish appropriate



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procedures consistent with the other vesting provisions of this Plan for administering this special vesting rule. However, no Participant's vested interest in his Corporation Matching Contribution Account at the time the Plan ceases to be top heavy shall be reduced solely as a result of the Plan ceasing to be top heavy.

(4) Notwithstanding any provisions in the Plan to the contrary, the account of a key employee must be distributed to the key employee no later than in or commencing in the key employee's taxable year in which he attains age 70-1/2.

(b) This Plan is "top heavy" for a Plan Year commencing after December 31, 1983 if, as of the last day of the preceding Plan Year (the "determination date"), the amount credited to the Accounts of key employees (as defined in subsection (c)) exceeds sixty percent of the amount credited to the Accounts of all Employees. The Account of (1) a former key employee or (2) any current or former Employee who has not performed any Service for the Corporation during the five-year period ending on the determination date shall be excluded in determining whether the Plan is top heavy. However, if a current or former Employee resumes performing Services after the five-year period, his Account shall be included in determining whether the Plan is top heavy. Notwithstanding the foregoing, if, as of the determination date described above, this Plan is part of an "aggregation group," this Plan shall be top heavy if the group is

TOP HEAVY RULES

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top heavy. An "aggregation group" shall include all plans of the Corporation in which a key employee participates and each other plan of the Corporation which enables any such plan to meet the requirements of Code Section 401(a)(4) or 410. The Corporation may treat any plan not required to be included in an aggregation group as part of that group if the inclusion of the plan would not prevent the aggregation group from meeting the requirements of Code Section 401(a) or 410. The rules set forth above for determining whether this plan is top heavy shall be applied with respect to the sum of benefits provided under all plans in the aggregation group to determine whether the group is top heavy. For purposes of determining whether this Plan is top heavy, the amount credited to a Participant Account shall be determined as of the last valuation date coincident with or preceding the determination date, and shall include the aggregate distributions (without interest thereon) made under the Plan to a Participant (other than a former key employee) during the five year period ending on the determination date. Deductible (IRA-type) employee contributions and rollovers (or similar transfers) shall be ignored in determining whether this Plan is top heavy, except as otherwise provided in applicable Treasury Regulations. Distributions made within the five Plan Years ending on the determination date from a terminated plan shall be included in the aggregation group if the terminated plan would have been

TOP HEAVY RULES  
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required to be included in the group had the plan not been terminated.

(c) An Eligible Employee shall be a "key employee" if, during the Plan Year in question or any of the four preceding Plan Years, he is or was

(1) an officer of the Corporation,

(2) one of the ten Employees owning (or considered as owning within the meaning of Code Section 318) the largest interests in the Corporation,

(3) a five percent owner of the Corporation, or

(4) a one percent or more owner of the Corporation having an annual compensation (as defined in Treas. Reg. Section 1.415-2(d)) from the Corporation of more than \$150,000.

The number of officers of the Corporation treated as key employees under paragraph (1) shall be limited to fifty. A beneficiary of a key employee or a former key employee shall also be treated as a key employee or former key employee, respectively. Determinations under this subsection shall be made in accordance with Internal Revenue Code Section 416(i) and applicable Treasury Regulations.

SECTION 15

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EFFECTIVE DATE OF AMENDMENT

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AND RESTATEMENT OF THE PLAN

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SECTION 15.01 Effective Date of Restated Plan.

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This amendment and restatement of the Plan shall become effective March 1, 1995 or on such dates as otherwise provided herein, subject to the receipt of a ruling satisfactory to the Board of Directors that the Plan and Trust Agreements, as amended and restated, qualify under applicable provisions of the United States Internal Revenue Code.

SECTION 15.02 Applicable Parties.

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(a) This amendment and restatement is applicable only to those particular groups of Employees described below:

(1) Employees listed in Supplement A-3 hereto.

(b) With respect to all other groups of employees included in the Plan, the provisions of the Plan shall continue unchanged and unaffected by this amendment and restatement.

LOCKHEED SPACE OPERATIONS COMPANY  
HOURLY EMPLOYEE INVESTMENT PLAN PLUS  
SUPPLEMENT A-2 TO SECTION 3.02  
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As of January 1, 1987

This Supplement A applies to all eligible, non-represented Employees paid on an hourly basis at all locations of Lockheed Space Operations Company, and to the hourly Employees represented in the collective bargaining units listed below as provided in collective bargaining agreements between Lockheed Space Operations Company and the bargaining unit representative:

| -----<br>Applies to Employees based<br>at the following locations<br>or at other locations re-<br>porting to organizations<br>based at these locations | Bargaining<br>Unit |
|--|--------------------|
| -----<br>Titusville, FL  | IAM&AW 2061        |
| Titusville, FL   | IBEW 2088          |
| Titusville, FL   | POID/MEBA          |
| Vandenberg AFB, CA   | IAM&AW 721         |

The Weekly Elective Deferral Amount which may be specified by the Eligible Employee under Section 3.01(a) and deducted under this Section shall be either two percent (2%) or four percent (4%) or six percent (6%) or eight percent (8%) or ten percent (10%) of his Weekly Rate of Compensation. An Employee of Lockheed Space Operations Company who is entitled to receive an Annual Wage Supplement payment on June 24, 1988, and

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who on such date is a Participant or Eligible Employee, may elect by Filing With The Committee to have the Corporation contribute to the Trustee out of its current or accumulated earnings and profits, as defined in Section 4.01, an amount equal to such Employee's Annual Wage Supplement. Such Annual Wage Supplement Contributions shall be treated as Elective Deferrals under this Plan, except that they shall be ignored for purposes of Corporation Matching Contributions under Section 4.01. Such Annual Wage Supplement Contributions shall be invested by the Trustee, in accordance with the current allocation specified by a Participant pursuant to Section 3.01(b), or as specified by an Eligible Employee at the time of Filing With The Committee.

LOCKHEED (ESOP FEATURE) TRUST AGREEMENT

Amendment 1995-I

Lockheed Corporation and U.S. Trust Company of California, N.A. hereby amend the Lockheed (ESOP Feature) Trust Agreement ("Trust Agreement"), effective March 15, 1995, as follows:

1. The seventh paragraph of the Recitals is amended to read as follows:

"WHEREAS, it is a principal purpose of the ESOP Feature to invest primarily in shares of common and/or convertible preferred stock of Lockheed Corporation (or, on and after March 15, 1995, Lockheed Martin Corporation) qualifying as "employer securities" within the meaning of Section 409(1) of the Code and Section 407(d)(5) of ERISA ("Stock"); and"

2. The first sentence of Section 3.3 is amended to read as follows:

"The primary purpose of the ESOP Feature of the Plan is to acquire an ownership interest in the Company (or, on and after March 15, 1995, Lockheed Martin Corporation) either from the Company (or, Lockheed Martin Corporation) or its shareholders and to provide deferred compensation benefits

to Participants and Beneficiaries in the form of shares of Stock."

IN WITNESS WHEREOF, Lockheed Corporation and U.S. Trust Company of California, N.A. have executed this Amendment 1995-I to the Lockheed (ESOP Feature) Trust Agreement on this 8th day of March, 1995.

"Trustee"

LOCKHEED CORPORATION

U.S. TRUST COMPANY OF  
CALIFORNIA, N.A.

By: /s/ Carol R. Marshall  
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By: /s/ Charles E. Wert  
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Title: Secretary

Title: Executive Vice President  
and Senior Trust Officer



[LETTERHEAD OF LOCKHEED MARTIN CORPORATION APPEARS HERE]

March 15, 1995

Lockheed Martin Corporation  
6801 Rockledge Drive  
Bethesda, Maryland 20817

Re: Lockheed Salaried Employee Savings Plan Plus,  
Lockheed Hourly Employee Savings Plan Plus, and  
Lockheed Space Operations Company Hourly Employee  
Investment Plan Plus, (the "Plans")

Ladies and Gentlemen:

I submit this opinion to you in connection with the filing with the Securities and Exchange Commission of a registration statement on Form S-8 (the "Registration Statement") on the date hereof. The Registration Statement registers shares of common stock ("Common Stock") of Lockheed Martin Corporation (the "Corporation") for use in connection with the Plans. The Plans contemplate that Common Stock may be treasury or authorized but unissued shares or may be acquired in the open market. As Assistant General Counsel of the Corporation, I have examined such corporate records, certificates and other documents and have reviewed such questions of law as I deemed necessary or appropriate for the purpose of this opinion.

Based upon that examination and review, I advise you that in my opinion:

- (i) the Corporation has been duly incorporated and is validly existing under the laws of the State of Maryland; and
- (ii) to the extent that the operation of the Plan results in the issuance of Common Stock, such shares of Common Stock have been duly and validly authorized and, when issued in accordance with the terms set forth in the Registration Statement, will be legally issued, fully paid and nonassessable.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to my opinion in the Registration Statement.

Very truly yours,

/s/ Stephen M. Piper

Stephen M. Piper  
Assistant General Counsel  
Lockheed Martin Corporation

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in Lockheed Martin Corporation's Registration Statement (Form S-8) pertaining to the Lockheed Salaried Employee Savings Plan Plus, Lockheed Hourly Employee Savings Plan Plus, and Lockheed Space Operations Company Hourly Employee Investment Plan Plus of: (a) our report dated January 20, 1995, with respect to the consolidated financial statements of Martin Marietta Corporation and subsidiaries for the year ended December 31, 1994, included in its Current Report (Form 8-K), dated February 17, 1995, and (b) our report dated November 1, 1994, with respect to the consolidated balance sheet of Lockheed Martin Corporation as of October 31, 1994, included in its Registration Statement (Form S-4 No. 33-57645), dated February 9, 1995, both filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Washington, D.C.  
March 13, 1995

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in Lockheed Martin Corporation's Registration Statement (Form S-8) pertaining to the Lockheed Salaried Employee Savings Plan Plus, Lockheed Hourly Employee Savings Plan Plus, and Lockheed Space Operations Company Hourly Employee Investment Plan Plus of: (a) our report dated January 31, 1995, with respect to the consolidated financial statements of Lockheed Corporation for the year ended December 25, 1994, included in its Current Report (Form 8-K), dated February 21, 1995; (b) our report dated June 10, 1994, with respect to the financial statements and schedules of the Lockheed Salaried Employee Savings Plan Plus included in its Annual Report (Form 11-K) for the year ended December 26, 1993; (c) our report dated June 10, 1994, with respect to the financial statements and schedules of the Lockheed Hourly Employee Savings Plan Plus included in its Annual Report (Form 11-K) for the year ended December 26, 1993; and (d) our report dated June 10, 1994, with respect to the financial statements and schedules of the Lockheed Space Operations Company Hourly Employee Investment Plan Plus included in its Annual Report (Form 11-K) for the year ended December 26, 1993; all filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Los Angeles, California  
March 13, 1995

CONSENT OF KPMG PEAT MARWICK LLP INDEPENDENT AUDITORS

The Board of Directors  
General Electric Company:  
The Board of Directors  
Martin Marietta Corporation:

We consent to the incorporation by reference in this Registration Statement on Form S-8 of Lockheed Martin Corporation of our report, dated February 3, 1993, relating to the consolidated financial statements of GE Aerospace Businesses as of December 31, 1992 and 1991 and for each of the years in the two-year period ended December 31, 1992, which report is incorporated by reference in the December 31, 1993 annual report on Form 10-K of Martin Marietta Corporation, which is incorporated herein by reference.

Harrisburg, Pennsylvania  
March 13, 1995

CONSENT OF ARTHUR ANDERSEN LLP  
INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement on Form S-8 of our report dated January 20, 1994 on our audits of the combined financial statements of the General Dynamics Space Systems Group as of December 31, 1993 and 1992 and for each of the three years in the period ended December 31, 1993 included in the Martin Marietta Corporation's Form 8-K dated May 13, 1994, which is incorporated by reference into the Lockheed Martin Corporation registration statement on Form S-4 dated February 9, 1995.

ARTHUR ANDERSEN LLP

San Diego, California  
March 13, 1995