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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant To Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2004

Commission file number 1-11437

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

MARYLAND	**52-1893632**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
6801 ROCKLEDGE DRIVE, BETHESDA, MD	**20817**
(Address of principal executive offices)	**(Zip Code)**

(301) 897-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding as of July 31, 2004**
Common stock, $1 par value	444,885,823

LOCKHEED MARTIN CORPORATION
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Lockheed Martin Corporation
Unaudited Condensed Consolidated Statement of Earnings

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions, except per share data)			
Net sales	$ 8,776	$ 7,709	$ 17,123	$ 14,768
Cost of sales	8,243	7,299	16,122	13,886
Earnings from operations	533	410	1,001	882
Other income and expenses, net	11	60	79	93
	544	470	1,080	975
Interest expense	106	119	214	259
Earnings before income taxes	438	351	866	716
Income tax expense	142	109	279	224
Net earnings	$ 296	$ 242	$ 587	$ 492
Earnings per common share:				
Basic	$ 0.67	$ 0.54	$ 1.32	$ 1.10
Diluted	$ 0.66	$ 0.54	$ 1.31	$ 1.09
Cash dividends declared per common share	$ 0.22	$ 0.12	$ 0.44	$ 0.24

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Lockheed Martin Corporation
Unaudited Condensed Consolidated Balance Sheet

	June 30, 2004	December 31, 2003
	(In millions)	
Assets		
Current assets:		
Cash and cash equivalents	$ 2,243	$ 1,010
Short-term investments	—	240
Receivables	3,677	4,039
Inventories	2,054	2,348
Deferred income taxes	988	921
Other current assets	657	843
Total current assets	9,619	9,401
Property, plant and equipment, net	3,438	3,489
Investments in equity securities	1,083	1,060
Goodwill	7,879	7,879
Purchased intangibles, net	736	807
Prepaid pension asset	1,122	1,213
Other assets	2,363	2,326
	$ 26,240	$ 26,175
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,522	$ 1,434
Customer advances and amounts in excess of costs incurred	3,762	4,256
Salaries, benefits and payroll taxes	1,293	1,418
Income taxes	91	91
Current maturities of long-term debt	—	136
Other current liabilities	1,468	1,558
Total current liabilities	8,136	8,893
Long-term debt	6,070	6,072
Post-retirement benefit liabilities	1,482	1,440
Accrued pension liabilities	1,452	1,100
Other liabilities	2,066	1,914
Stockholders' equity:		
Common stock, $1 par value per share	443	446
Additional paid-in capital	2,366	2,477
Retained earnings	5,445	5,054
Unearned compensation	(25)	—
Unearned ESOP shares	—	(17)
Accumulated other comprehensive loss	(1,195)	(1,204)
Total stockholders' equity	7,034	6,756
	$ 26,240	$ 26,175

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Lockheed Martin Corporation
Unaudited Condensed Consolidated Statement of Cash Flows

	Six Months Ended June 30,	
	2004	2003
	(In millions)	
Operating Activities:		
Net earnings	$ 587	$ 492
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	245	224
Amortization of purchased intangibles	71	63
Changes in operating assets and liabilities:		
Receivables	365	244
Inventories	434	159
Accounts payable	85	65
Customer advances and amounts in excess of costs incurred	(494)	(176)
Other	503	318
Net cash provided by operating activities	1,796	1,389
Investing Activities:		
Expenditures for property, plant and equipment	(260)	(202)
Sale (purchase) of short-term investments	240	(229)
Acquisition of businesses / investments in affiliated companies	—	(219)
Other	32	7
Net cash provided by (used for) investing activities	12	(643)
Financing Activities:		
Repayments related to long-term debt	(137)	(1,209)
Issuances of common stock	36	22
Repurchases of common stock	(278)	(279)
Common stock dividends	(196)	(109)
Net cash used for financing activities	(575)	(1,575)
Net increase (decrease) in cash and cash equivalents	1,233	(829)
Cash and cash equivalents at beginning of period	1,010	2,738
Cash and cash equivalents at end of period	$ 2,243	$ 1,909

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements
June 30, 2004

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Lockheed Martin Corporation (Lockheed Martin or the Corporation) has continued to follow the accounting policies set forth in the consolidated financial statements included in its 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of operations for the interim periods. The results of operations for the quarter and six months ended June 30, 2004 are not necessarily indicative of results to be expected for the full year.

NOTE 2 – STOCK-BASED COMPENSATION AND EARNINGS PER SHARE

The Corporation measures compensation cost for stock-based compensation plans using the intrinsic value method of accounting as prescribed in Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations. The Corporation has adopted those provisions of Statement of Financial Accounting Standards (FAS) 123, “Accounting for Stock-Based Compensation,” as amended, which require disclosure of the pro forma effects on net earnings and earnings per share as if compensation cost had been recognized using the fair value-based method at the date of grant for options awarded.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

For purposes of pro forma disclosures, the options' estimated fair values are amortized to expense over the options' vesting periods. The Corporation's reported and pro forma earnings per share information follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions, except per share data)			
Net earnings:				
As reported	$ 296	$ 242	$ 587	$ 492
Fair value-based compensation cost, net of taxes	(12)	(16)	(25)	(30)
Pro forma net earnings	$ 284	$ 226	$ 562	$ 462
Average common shares outstanding:				
Average number of common shares outstanding for basic computations	443.9	445.3	444.1	447.1
Dilutive stock options – based on the treasury stock method	3.1	3.4	3.1	3.5
Average number of common shares outstanding for diluted computations	447.0	448.7	447.2	450.6
Earnings per basic share:				
As reported	$ 0.67	$ 0.54	$ 1.32	$ 1.10
Pro forma	$ 0.64	$ 0.50	$ 1.26	$ 1.03
Earnings per diluted share:				
As reported	$ 0.66	$ 0.54	$ 1.31	$ 1.09
Pro forma	$ 0.63	$ 0.50	$ 1.25	$ 1.02

NOTE 3 – INVENTORIES

	June 30, 2004	December 31, 2003
	(In millions)	
Work in process, primarily related to long-term contracts and programs in progress	$ 4,888	$ 5,434
Less customer advances and progress payments	(3,102)	(3,396)
	1,786	2,038
Other inventories	268	310
	$ 2,054	$ 2,348

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

Work in process inventories included amounts advanced to Khrunichev State Research and Production Space Center (Khrunichev), the Russian manufacturer of Proton launch vehicles and provider of related launch services, of $295 million and $327 million at June 30, 2004 and December 31, 2003, respectively.

NOTE 4 – POSTRETIREMENT BENEFIT PLANS

The net pension cost as determined by FAS 87, "Employers' Accounting for Pensions," and the net postretirement benefit cost as determined by FAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," related to the Corporation's plans include the following components:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
Defined benefit pension plans				
Service cost	$ 186	$ 155	$ 372	$ 297
Interest cost	374	351	749	674
Expected return on plan assets	(425)	(423)	(850)	(812)
Amortization of prior service cost	20	20	40	38
Recognized net actuarial losses	66	15	133	29
Amortization of transition asset	(1)	(1)	(1)	(1)
Total net pension expense	$ 220	$ 117	$ 443	$ 225
Retiree medical and life insurance plans				
Service cost	$ 12	$ 10	$ 25	$ 19
Interest cost	55	51	112	97
Expected return on plan assets	(22)	(17)	(44)	(32)
Amortization of prior service cost	2	—	4	—
Recognized net actuarial losses	15	12	30	23
Total net postretirement expense	$ 62	$ 56	$ 127	$ 107

The Corporation does not expect that required contributions to its defined benefit pension plans for the year ending December 31, 2004 will be material, after giving consideration to a $450 million discretionary prepayment in 2003. Approximately $310 - $320 million is expected to be contributed to its retiree medical and life insurance plans in 2004. Contributions for the six months ended June 30, 2004 were $85 million.

The Lockheed Martin Corporation Salaried Savings Plan includes a 401(k) feature that has an Employee Stock Ownership Plan (ESOP). The Corporation's match to the Salaried Savings Plan consists of shares of its common stock, which has been partially fulfilled with stock released from the ESOP at approximately 2.4 million shares per year. The Corporation paid the final quarterly installment of the ESOP debt in April 2004 and allocated the remaining shares held by the ESOP in May 2004. In subsequent periods,

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

the Corporation's match to the Salaried Savings Plan is expected to be fulfilled through purchases of common stock in the open market or through newly issued shares from the Corporation.

NOTE 5 – CONTINGENCIES

The Corporation or its subsidiaries are parties to or have property subject to litigation and other proceedings, including matters arising under provisions relating to the protection of the environment. In the opinion of management and in-house counsel, the probability is remote that the outcome of the environmental matters described below will have a material adverse effect on the Corporation's consolidated results of operations, financial position or cash flows. These matters include the following items:

Environmental matters – The Corporation is a party to various agreements, proceedings and potential proceedings for environmental clean-up issues, including matters at various sites where it has been designated a potentially responsible party (PRP) by the Environmental Protection Agency or by a state agency. Financial statement accruals are recorded for environmental matters in the period in which it becomes probable that a liability has been incurred and the amounts can be reasonably estimated. At June 30, 2004 and December 31, 2003, the total amount of liabilities recorded for environmental matters was approximately $425 million. Approximately two-thirds of that amount relates to sites in Redlands, Burbank and Glendale, California, and in Great Neck, New York, primarily for remediation of soil and groundwater contamination. The remainder of the liability relates to other properties (current operating facilities and certain facilities operated in prior years) for which the financial exposure could be estimated, and includes amounts for disposal of hazardous wastes and soil and groundwater remediation. In cases where a date to complete activities at a particular environmental site cannot be estimated by reference to specific orders, agreements or otherwise, the Corporation projects costs over a reasonable time frame not to exceed 20 years. For a more detailed discussion of environmental remediation activities, see Note 15 to the Corporation's consolidated financial statements in its Annual Report on Form 10-K for the year ended December 31, 2003.

Under prior year agreements with the U.S. Government, certain remediation expenditures, net of recoveries from insurance or other PRPs, are allowable in establishing the prices of the Corporation's products and services. The Corporation has recorded an asset for the portion of environmental costs that are probable of future recovery in the pricing of its products and services for U.S. Government business. The amount that is expected to be allocated to commercial businesses has been expensed through cost of sales. The recorded amounts do not reflect the possible future recoveries of portions of the environmental costs through insurance policy coverage or from other PRPs, which the Corporation is pursuing as required by agreement and U.S. Government regulation. Any such recoveries, when received, would reduce the allocated amounts to be included in the Corporation's U.S. Government sales and cost of sales.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

Waste remediation contract – In 1994, the Corporation was awarded a $180 million fixed-price contract by the U.S. Department of Energy (DoE) for the design, construction and limited test of remediation facilities, and the remediation of waste found in Pit 9, located on the Idaho National Engineering and Environmental Laboratory reservation. The DoE, through its management contractor, terminated the Pit 9 contract for default on June 1, 1998. The DoE's lawsuit, together with the Corporation's counterclaims, was tried in the U.S. District Court in Pocatello, Idaho from August through November 2003. At trial, the DoE sought damages and interest totaling approximately $100 million. The Corporation sought to overturn the termination for default and damages of approximately $270 million. The matter was submitted to the trial court for decision in March 2004. The Corporation has assumed that it will recover some portion of its costs, which are recorded in inventories, based on its estimate of the probable outcome of the case. It is not possible to predict the outcome of the lawsuit with certainty. The court may award damages to either party in the full amount it sought at trial or in some lesser amount. The Corporation expects the court to render its decision later in 2004. However, the final resolution of the lawsuit will likely depend upon the outcome of further proceedings and possible negotiations with the DoE.

NOTE 6 – INFORMATION ON BUSINESS SEGMENTS

The Corporation operates in five business segments: Aeronautics, Electronic Systems, Space Systems, Integrated Systems & Solutions (IS&S), and Information & Technology Services (I&TS). In the following tables of financial data, the total of the operating results of the principal business segments is reconciled to the corresponding consolidated amount. With respect to the caption "Operating profit," the reconciling item "Unallocated Corporate expense, net" includes the FAS/CAS pension adjustment (see discussion below), earnings and losses from equity investments (mainly telecommunications), interest income, costs for stock-based compensation programs, the effects of items not considered part of management's evaluation of segment operating performance, Corporate costs not allocated to the operating segments and other miscellaneous Corporate activities. For "Net sales," all activities other than those pertaining to the principal business segments are included in "Other."

The FAS/CAS pension adjustment represents the difference between pension expense calculated for financial reporting purposes under GAAP in accordance with FAS 87, and pension costs calculated and funded in accordance with U.S. Government Cost Accounting Standards (CAS), which are reflected in the business segment results. CAS is a major factor in determining pension funding requirements for the Corporation, and governs the extent of allocability and recoverability of pension costs on government contracts. The CAS cost is recovered through pricing of the Corporation's products and services on U.S. Government contracts, and therefore recognized in segment net sales. The results of operations of the Corporation's segments only include pension expense as determined and funded in accordance with CAS rules.

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

Selected Financial Data by Business Segment

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales				
Aeronautics	$ 3,141	$ 2,405	$ 6,015	$ 4,493
Electronic Systems	2,205	2,174	4,338	4,155
Space Systems	1,547	1,544	3,125	3,072
Integrated Systems & Solutions	963	810	1,870	1,582
Information & Technology Services	917	772	1,769	1,459
Total business segments	8,773	7,705	17,117	14,761
Other	3	4	6	7
Total	$ 8,776	$ 7,709	$ 17,123	$ 14,768
Operating profit				
Aeronautics	$ 239	$ 162	$ 445	$ 307
Electronic Systems	220	211	422	394
Space Systems	129	101	249	205
Integrated Systems & Solutions	81	67	161	139
Information & Technology Services	71	51	131	99
Total business segments	740	592	1,408	1,144
Unallocated Corporate expense, net	(196)	(122)	(328)	(169)
Total	$ 544	$ 470	$ 1,080	$ 975
Intersegment revenue [(a)]				
Aeronautics	$ 21	$ 7	$ 36	$ 16
Electronic Systems	146	130	288	238
Space Systems	51	29	97	60
Integrated Systems & Solutions	129	118	260	233
Information & Technology Services	175	184	362	399
Total business segments	$ 522	$ 468	$ 1,043	$ 946

(a) Intercompany transactions between segments are eliminated in consolidation and therefore excluded from the net sales and operating profit amounts presented above.

NOTE 7 – OTHER

On June 26, 2004, the Corporation announced that it had terminated the September 2003 merger agreement, as amended, with The Titan Corporation (Titan), as Titan did not satisfy certain closing conditions on or before June 25, 2004. Under the terms of the amended merger agreement, either party could terminate the merger agreement if Titan either (i) had not obtained written confirmation from the Department of Justice that the investigation of alleged Foreign Corrupt Practices Act (FCPA) violations by Titan was resolved and the Department did not intend to pursue any claims against Titan; or

Lockheed Martin Corporation
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(ii) Titan had not entered into a plea agreement on or prior to June 25, 2004. Titan did not satisfy either requirement.

In the second quarter of 2003, the Corporation recorded a charge, net of state income tax benefits, of $41 million related to its decision to exit the commercial mail sorting business. The charge, which related primarily to the impairment of assets of the business, reduced net earnings by $27 million ($0.06 per diluted share).

In 2003, the Corporation issued irrevocable redemption notices for and repaid two issuances of callable debentures totaling $450 million. The Corporation recorded a loss in other income and expenses, net of state income tax benefits, of $19 million related to the early repayment of the debt. The loss reduced net earnings for the six months ended June 30, 2003 by $13 million ($0.03 per diluted share).

In March 2003, Lockheed Martin paid $130 million to acquire the outstanding borrowings of Space Imaging, LLC, an equity investee, under Space Imaging's credit facility, and the Corporation's guarantee of Space Imaging's borrowings under the credit facility was eliminated. The Corporation reversed, net of state income taxes, approximately $19 million of the charge recorded in 2002 related to its investment in Space Imaging and the guarantee. This gain increased first quarter 2003 net earnings by $13 million ($0.03 per diluted share). The $130 million is included in investing activities on the statement of cash flows for the period ended June 30, 2003.

The components of comprehensive income for the three months and six months ended June 30, 2004 and 2003 consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
Net earnings	$296	$242	$587	$492
Other comprehensive income (loss):				
Net unrealized gain from available-for-sale investments	12	18	6	32
Other	—	3	3	(13)
	12	21	9	19
Comprehensive income	$308	$263	$596	$511

The Corporation made federal and foreign income tax payments, net of refunds received, of $175 million and $65 million for the six months ended June 30, 2004 and 2003, respectively. These amounts are net of capital loss carry-back income tax refunds of $145 million and $135 million, respectively, related to the Corporation's divestiture activities. The Corporation's total interest payments were $213 million and $284 million for the six months ended June 30, 2004 and 2003, respectively.

Lockheed Martin Corporation

Report of Independent Registered Public Accounting Firm

Board of Directors
Lockheed Martin Corporation

We have reviewed the unaudited condensed consolidated balance sheet of Lockheed Martin Corporation as of June 30, 2004, and the related unaudited condensed consolidated statement of earnings for the three-month and six-month periods ended June 30, 2004 and 2003, and the unaudited condensed consolidated statement of cash flows for the six-month periods ended June 30, 2004 and 2003. These financial statements are the responsibility of the Corporation's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the unaudited condensed consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Lockheed Martin Corporation as of December 31, 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended not presented herein, and in our report dated January 27, 2004, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph relating to the Corporation's 2002 adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2003, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

McLean, Virginia
July 30, 2004

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Lockheed Martin Corporation
June 30, 2004

Lockheed Martin Corporation is mainly involved in the research, design, development, manufacture, integration, operation and support of advanced technology systems, products and services. We serve customers in domestic and international defense, civil government and commercial markets. Over 75% of our sales over the past three years have been to agencies of the U.S. Government. Our main areas of focus are in the defense and intelligence, space, homeland security, and government information technology markets.

We operate in five principal business segments: Aeronautics, Electronic Systems, Space Systems, Integrated Systems & Solutions (IS&S) and Information & Technology Services (I&TS). As a lead systems integrator, our products and services range from aircraft, spacecraft and launch vehicles to missiles, electronics and information systems, including integrated network-centric solutions.

The following discussion should be read along with our 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission, and with the unaudited condensed consolidated financial statements included in this Form 10-Q.

RESULTS OF OPERATIONS

Consolidated Results of Operations

Since our operating cycle is long-term and involves many types of development and production contracts with varying production delivery schedules, the results of operations of a particular quarter, or quarter-to-quarter comparisons of recorded sales and profits, may not be indicative of our future operating results. The following discussions of comparative results among periods should be viewed in this context.

Net sales for the second quarter of 2004 were $8.8 billion, a 14% increase over the second quarter 2003 sales of $7.7 billion. Net sales for the first six months of 2004 were $17.1 billion, a 16% increase over the $14.8 billion recorded in the comparable 2003 period. Sales increased in all business segments during the quarter and six months ended June 30, 2004 from the comparable 2003 periods.

Lockheed Martin Corporation
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued)

For the quarter and six months ended June 30, 2003, the following items, among other things, were included in "Unallocated Corporate (expense) income, net" (see the related section under "Discussion of Business Segments" below):

- In the second quarter of 2003, we recorded a $41 million charge related to our decision to exit the commercial mail sorting business.
- In the first quarter of 2003, we recognized a loss of $19 million associated with our decision to call and prepay $450 million of debentures originally due in 2023.
- In the first quarter of 2003, we recognized a gain of $19 million on the partial reversal of a 2002 charge related to the guarantee of our share of Space Imaging, LLC's credit facility.

On a net basis, these items reduced our net earnings by $27 million ($0.06 per diluted share) for the quarter and six months ended June 30, 2003. There were no comparable items related to the quarter or six months ended June 30, 2004.

Operating profit (earnings before interest and taxes) for the second quarter of 2004 was $544 million, an increase of 16% from the $470 million recorded in the comparable 2003 period. Operating profit for the six months ended June 30, 2004 was $1.1 billion, an increase of 11% from the $975 million recorded in the comparable 2003 period. Operating profit increased in all five business segments during the quarter and six months ended June 30, 2004 from the comparable 2003 periods.

Interest expense for the second quarter and six months ended June 30, 2004 was $106 million and $214 million, respectively, representing a decrease of $13 million and $45 million from the comparable periods in 2003. This was primarily the result of the reduction in our debt portfolio and the favorable impact of having issued $1.0 billion of convertible debentures in August 2003 to replace higher cost debt.

Our effective income tax rates for the quarter and six months ended June 30, 2004 were 32.4% and 32.2%, respectively. The effective rates for both periods were lower than the statutory rate of 35% primarily due to tax benefits related to export sales.

Our effective income tax rates for the quarter and six months ended June 30, 2003 were 31.1% and 31.3%, respectively. The tax benefit from the charge to exit the commercial mail sorting business reduced the effective rate by 0.4% during the quarter and by 0.2% for the first six months of 2003. The effective rates for both periods were lower than the statutory rate of 35% primarily due to tax benefits related to export sales.

Net earnings for the second quarter of 2004 were $296 million ($0.66 per diluted share) compared to $242 million ($0.54 per diluted share) reported in the second quarter of 2003. Net earnings for the six months ended June 30, 2004 were $587 million ($1.31 per diluted share) compared to $492 million ($1.09 per diluted share) reported in the comparable 2003 period.

Lockheed Martin Corporation
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued)

Discussion of Business Segments

The following tables of financial information and related discussions of the results of operations of our business segments are consistent with the presentation of segment information in Note 6 to the financial statements in this Form 10-Q.

The Aeronautics segment generally includes fewer programs that have much larger sales and operating results than programs included in the other segments. Therefore, due to the larger number of comparatively smaller programs in the remaining segments, the discussions of the results of operations of these business segments generally focus on lines of business within the segments.

Aeronautics

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 3,141	$ 2,405	$ 6,015	$ 4,493
Operating profit	$ 239	$ 162	$ 445	$ 307

Net sales for Aeronautics increased by 31% for the quarter and 34% for the six months ended June 30, 2004 from the 2003 periods, due to growth in Combat Aircraft, which more than offset a slight decline in Air Mobility. Combat Aircraft sales growth of $790 million in the quarter and $1.5 billion for the six-month period was primarily due to higher F-16 program volume, including increased aircraft deliveries (22 in the quarter and 37 for the six month period in 2004 compared to 12 and 15 in the comparable 2003 periods) and higher volume on the F-35 program. Fewer scheduled C-130J deliveries (two in the quarter and six for the six month period in 2004 compared to four and seven in the comparable 2003 periods) contributed to the slight decrease in Air Mobility revenue.

Segment operating profit increased by 48% for the quarter and 45% for the six months ended June 30, 2004 from the 2003 periods. Combat Aircraft operating profit increases of $60 million in the quarter and $80 million for the six-month period were primarily due to the impact of the additional F-16 aircraft deliveries and improved performance in other Combat Aircraft programs. Air Mobility and other programs accounted for approximately $20 million and $60 million of the increase in operating profit for the quarter and year-to-date periods, and were primarily due to profits recognized on C-130J deliveries in 2004. The Corporation began recognizing profits on C-130J deliveries in 2004 (approximately $35 million year-to-date) upon resolution of certain technical aircraft performance risks, manufacturing performance improvements and the achievement of stable production as a result of securing a multi-year contract in 2003.

Lockheed Martin Corporation
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued)

Electronic Systems

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 2,205	$ 2,174	$ 4,338	$ 4,155
Operating profit	$ 220	$ 211	$ 422	$ 394

Net sales for Electronic Systems increased by 1% for the quarter and 4% for the six months ended June 30, 2004 from the 2003 periods. In both the quarter and six-month periods, higher volume in Maritime Systems & Sensors (MS2) and Missiles & Fire Control (M&FC), more than offset declines in Platform, Training & Transportation Solutions (PT&TS). In MS2, higher volume on surface systems and radar programs accounted for the increased sales. M&FC sales grew due to higher volume on tactical missile and fire control programs. Reduced levels of distribution technology and transportation & security solutions activities contributed to the decrease in sales at PT&TS.

Segment operating profit increased by 4% for the quarter and 7% for the six months ended June 30, 2004, compared to the 2003 periods. For both the quarter and the six-month periods, improved performance on air defense and fire control programs at M&FC and on distribution technology and simulation and training programs at PT&TS, contributed to the higher operating profit. MS2's operating profit improved slightly in both periods.

Space Systems

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 1,547	$ 1,544	$ 3,125	$ 3,072
Operating profit	$ 129	$ 101	$ 249	$ 205

Net sales for Space Systems increased nominally for the quarter and by 2% for the six months ended June 30, 2004 from the 2003 periods. For the second quarter of 2004, a sales increase in Satellites, due to a commercial satellite delivery, and the timing of sales on fleet ballistic missile programs at Strategic and Defensive Missile Systems (S&DMS) were partially offset by lower volume in Launch Services. A decline in activities on the maturing Titan launch vehicle program contributed to lower sales in Launch Services. There were two Atlas launches and one Proton launch in the second quarters of both 2004 and 2003.

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For the six months ended June 30, 2004, sales increases in Launch Services and S&DMS offset a decline in Satellites. In Launch Services, an increase in Atlas launches (four in 2004 compared to two in 2003) more than offset a decline in the Titan launch vehicle program. The increase in S&DMS was primarily attributable to the timing of sales on fleet ballistic missile programs. The decrease in Satellites was mainly due to lower sales on commercial satellite deliveries in 2004, which was partially offset by increased volume in government satellite programs.

Segment operating profit increased by 28% for the quarter and 21% for the six months ended June 30, 2004, when compared to the 2003 periods. For the quarter, Satellites' operating profit increased due to the additional delivery and improved performance on commercial satellite programs, which more than offset a decline due to cost growth on a government satellite program. Increased operating profit in Launch Services was due to government launch vehicles programs.

For the six-month period, Launch Services' operating profit increased primarily due to the benefit resulting from the first quarter termination of a launch vehicle contract by a commercial customer and U.S. Government support of the Atlas program, which more than offset a decline in activities on the Titan launch vehicle program. Satellites' operating profit declined due to cost growth on a government satellite program, which more than offset the impact of improved performance and more profitable deliveries in commercial satellites.

Integrated Systems & Solutions

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 963	$ 810	$ 1,870	$ 1,582
Operating profit	$ 81	$ 67	$ 161	$ 139

Net sales for Integrated Systems & Solutions increased by 19% for the quarter and 18% for the six months ended June 30, 2004 from the 2003 periods. For both the quarter and six-month periods, a higher volume of intelligence, defense and information assurance activities resulted in increased sales.

Segment operating profit increased by 21% for the quarter and 16% for the six months ended June 30, 2004 from the comparable 2003 periods. For both the quarter and six-month periods, the higher volume on the activities described above accounted for the increased operating profit.

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Information & Technology Services

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
Net sales	$ 917	$ 772	$ 1,769	$ 1,459
Operating profit	$ 71	$ 51	$ 131	$ 99

Net sales for Information & Technology Services increased by 19% for the quarter and 21% for the six months ended June 30, 2004 from the 2003 periods. For both the quarter and year-to-date periods, the increases in sales were primarily attributable to higher volume in the Information Technology line of business. Information Technology's sales improved due to the net impact of an acquisition and a divestiture, as well as organic growth on existing IT programs. The remaining increase in sales was primarily attributable to higher volume in Defense Services. NASA sales declined in both periods.

Segment operating profit increased by 39% for the quarter and 32% for the six months ended June 30, 2004 from the 2003 periods. In both periods the operating profit increased mainly due to improvements in Information Technology and Defense Services.

Unallocated Corporate (Expense) Income, Net

The following table shows the components of Unallocated Corporate (expense) income, net. For a discussion of the FAS/CAS pension adjustment and other types of items included in Unallocated Corporate (expense) income, net, see Note 6 to the financial statements in this Form 10-Q.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
FAS/CAS pension adjustment	$ (148)	$ (68)	$ (298)	$ (140)
Items not considered in segment operating performance	—	(41)	—	(41)
Other, net	(48)	(13)	(30)	12
	$ (196)	$ (122)	$ (328)	$ (169)

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The following table shows the CAS cost that is included as expense in the segments' operating results, the related FAS expense, and the resulting FAS/CAS pension adjustment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In millions)			
FAS 87 expense	$ (220)	$ (117)	$ (443)	$ (225)
CAS cost	(72)	(49)	(145)	(85)
FAS/CAS pension adjustment – expense	$ (148)	$ (68)	$ (298)	$ (140)

The increases in the FAS 87 expense and the CAS cost amounts in 2004 compared to 2003 are consistent with our expectations based on the assumptions we used in computing these amounts as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our 2003 Annual Report on Form 10-K under the caption "Critical Accounting Policies."

LIQUIDITY AND CASH FLOWS

We have established strategic cash deployment objectives to help ensure that we keep a focus toward growing our core business and increasing shareholder value, and that we are in a position to take advantage of opportunities when they arise. These objectives include internal investment in our business (e.g., capital expenditures, independent research and development), debt reduction, acquisitions of businesses that will complement our core products and services, share repurchases, and increases in dividends. The following discussion highlights activities during the second quarter of 2004 that support these objectives.

Operating Activities

Our operating cash flow continues to be the primary source of funds for financing our activities. Cash from operations amounted to $1.8 billion in the first six months of 2004 and $1.4 billion in the first six months of 2003. Our earnings, adjusted for non-cash items such as depreciation and amortization, as well as working capital improvements, were the driving forces behind the cash flows during the first six months of 2004. Also during the first six months of 2004, we made income tax payments of $320 million and received a $145 million capital loss carry-back income tax refund. During the first six months of 2003, our income tax payments amounted to $200 million and we received a capital loss carry-back income tax refund of $135 million. Our cash flow from working capital has improved in 2004 when compared to the prior year. We attribute this to our continued discipline in managing our cash conversion cycle, including the negotiation of performance-based progress payment or advance payment terms in our contracts,

inventory management, and billing and collection activities. We expect cash from operations to continue to be positive.

Investing Activities

Capital expenditures – Capital expenditures for property, plant and equipment amounted to $260 million during the first six months of 2004 and $202 million during the first six months of 2003. We expect a higher level of capital expenditures in 2004 versus 2003 consistent with the expected growth in our business.

Acquisitions, divestitures and other activities – We selectively identify businesses for potential acquisition and divestiture. During the first six months of 2003, we paid $130 million associated with our investment in Space Imaging, LLC (see the related discussion in Note 7 – "Other") and $80 million associated with acquisitions of government IT businesses. During the first six months of 2004, in anticipation of our acquisition of The Titan Corporation, we liquidated $240 million from short-term investments to cash; however, we terminated the merger agreement with Titan in June 2004 (see Note 7).

In May 2004, we announced an agreement to sell our COMSAT General business to Intelsat, Ltd. The purchase price is $90 million in cash, with an option for Intelsat to substitute up to $40 million of stock. The transaction, which is subject to regulatory approvals and other closing conditions, is expected to close in the fourth quarter of this year and is not expected to have a material impact on net earnings.

In June 2004, New Skies Satellites, N.V. announced that it signed a definitive agreement for the sale of the company to an affiliate of The Blackstone Group for $956 million in cash, or approximately $7.96 per diluted share. We own 18.6 million shares of New Skies. At this transaction value, we would recognize an after-tax gain of approximately $60 million ($0.13 per diluted share) and receive after-tax proceeds of about $130 million. The transaction is subject to regulatory approvals and other closing conditions, and is expected to close late in the fourth quarter of this year or early in 2005.

Financing Activities

Issuance and repayment of long-term debt – Cash provided from operations has been our principal source of funds to reduce our long-term debt. We used $137 million during the first six months of 2004 and $740 million during the first six months of 2003, for scheduled repayments of debt maturities. Also during the first six months of 2003, we repaid $450 million of debt in advance of its maturity and retired other high cost debt. We used $19 million of cash in 2003 for debt repayment costs to complete these transactions. Interest rates on the debt we retired early ranged from 7.75% to 7.875%.

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Share dividends and repurchases – Shareholders were paid dividends of $196 million during the first six months of 2004 compared to $109 million during the first six months of 2003. We paid quarterly dividends of $0.22 per share during the first six months of 2004 compared to quarterly dividends of $0.12 per share during the first six months of 2003.

We have a share repurchase program in place for the repurchase of up to 43 million shares of our common stock from time-to-time at management's discretion. At June 30, 2004, a total of 25.5 million shares may be repurchased in the future under the program. During the first six months of 2004, we repurchased 5.8 million shares of our common stock for $278 million. During the comparable period of 2003, we repurchased 6.3 million shares of our stock for $279 million.

CAPITAL RESOURCES

At June 30, 2004, our total long-term debt amounted to $6.1 billion, a decrease of $138 million from $6.2 billion at December 31, 2003, which was mainly attributable to scheduled debt maturities. Our long-term debt is mainly in the form of publicly issued notes and debentures. The majority of our long-term debt bears interest at fixed rates. We have $1.0 billion of convertible debentures that have a floating interest rate based on LIBOR. During the first six months of 2004, we improved our debt-to-total capital ratio from 48% at December 31, 2003 to 46% at June 30, 2004. We held cash and cash equivalents of approximately $2.2 billion at June 30, 2004.

Our stockholders' equity amounted to $7.0 billion at June 30, 2004, an increase of about $280 million from December 31, 2003. Net earnings and stock plan activities more than offset our repurchases of common stock and payment of dividends.

At June 30, 2004, we had in place a $1.5 billion revolving credit facility under which no borrowings were outstanding. We terminated that facility in July 2004, and replaced it with a $1.5 billion revolving credit facility, which expires in July 2009 and a $500 million revolving credit facility which expires in July 2005.

We actively seek to finance our business in a manner that preserves financial flexibility while minimizing borrowing costs to the extent practicable. Our management continually reviews changes in financial, market and economic conditions to manage the types, amounts and maturities of our indebtedness. We may at times refinance existing indebtedness, vary our mix of variable-rate and fixed-rate debt, or seek alternative financing sources for our cash and operational needs.

Cash and cash equivalents, cash flow from operations and other available financing resources are expected to be sufficient to meet anticipated operating, capital expenditure, dividend and debt service requirements, as well as acquisitions, share repurchases and other discretionary investment needs, projected over the next three years. Consistent with our goal to generate cash to reduce debt and invest in our core businesses, we expect that,

depending on prevailing financial, market and economic conditions, we will continue to explore the sale of non-core businesses, passive equity investments and surplus real estate.

Intelsat, Ltd., in which we hold a 25% interest, and Inmarsat Holdings, Ltd., in which we hold a 14% interest, are subject to regulation by the Federal Communications Commission (FCC). In addition, the Open-Market Reorganization for the Betterment of International Telecommunications Act (the ORBIT Act), passed by Congress in 2000, established deadlines for Intelsat and Inmarsat to complete initial public offerings. In May 2004, an amendment to the ORBIT Act extended Intelsat's deadline from June 30, 2004 to December 31, 2005, and Inmarsat's from June 30, 2004 to December 31, 2004. Also in May 2004, Intelsat announced that it had withdrawn the planned initial public offering of its shares, and is instead exploring the potential of a third party's investment in or acquisition of the company to satisfy the ORBIT Act requirements. In December 2003, Inmarsat was acquired in a leveraged buyout transaction and, in doing so, believes it has complied with the ORBIT Act requirements. There is no assurance that the FCC will accept the position that transactions other than initial public offerings of equity will satisfy the ORBIT Act requirements.

Realization and valuation of our investments in equity securities may be affected by an investee's ability to obtain adequate funding, including through public and private sales of its debt and equity securities, and execute its business plans, as well as by general market conditions, industry considerations specific to the investee's business, and/or other factors. The inability of an investee to obtain future funding or successfully execute its business plan could adversely affect our earnings in the periods affected by those events.

ADVANCES TO RUSSIAN MANUFACTURERS

Lockheed-Khrunichev-Energia International, Inc. (LKEI), a joint venture we have with two Russian government-owned space firms, has exclusive rights to market launches of commercial, non-Russian-origin space payloads on the Proton family of rockets from a launch site in Kazakhstan. Atlas and Proton launch services are marketed around the world through International Launch Services (ILS), a joint venture between Lockheed Martin and LKEI. We consolidate the results of operations of LKEI and ILS into our financial statements based on our controlling financial interest. Contracts for launch services usually require substantial advances from the customer before the launch. Advances received from customers for Proton launch services not yet provided totaled $297 million at June 30, 2004 and $250 million at December 31, 2003, and were included as a liability on our balance sheet in the caption "Customer advances and amounts in excess of costs incurred."

A sizable percentage of the advances we receive from customers for Proton launch services are sent to Khrunichev State Research and Production Space Center (Khrunichev), the manufacturer of the launch vehicle and provider of the related launch

services in Russia. If a contracted launch service is not provided, a sizeable percentage of the related advance would have to be refunded to the customer. In addition, we have previously sent advances to Khrunichev that are covered by an arrangement to reduce future launch payments from us to Khrunichev, contingent on the receipt of new orders as well as a minimum number of actual launches each year. The advances sent to Khrunichev are included on our balance sheet in inventories. Total payments to Khrunichev included in inventories at June 30, 2004 and December 31, 2003, net of reserves, were $295 million and $327 million, respectively. Our ability to realize these amounts may be affected by the continuing overcapacity in the launch vehicle market, Khrunichev's ability to provide the launch services and the political environment in Russia. Through June 2004, launch services through LKEI and ILS have been provided according to contract terms.

OTHER MATTERS

The Financial Accounting Standards Board has issued two proposed standards that, upon implementation, would adversely impact our net earnings and earnings per share, but would not be expected to impact our cash from operations. A proposed standard on Share-Based Payments would require stock options and other share-based payments made to employees to be accounted for as compensation expense and recorded at fair value. While many technical issues are yet to be resolved, including the selection and use of an appropriate valuation model, information about the fair value of stock options under the Black-Scholes model and its pro forma impact on our net earnings and earnings per share for the quarter and six months ended June 30, 2004 (which may differ from the ultimate impact of the proposed new standard) can be found in Note 2 to the financial statements in this Form 10-Q. A second proposed standard would require the dilutive effect of contingently convertible debt instruments, similar to the $1.0 billion of floating rate convertible debentures we issued in 2003, to be reflected in our calculation of diluted earnings per share. Current rules provide for the exclusion of the effect of such instruments until the contingency has been satisfied. Our floating rate convertible debentures are only convertible by holders into shares of our common stock on a contingent basis under the circumstances described in the indenture. In addition, upon conversion, we have the right to deliver, in lieu of common stock, cash or a combination of cash and common stock. Subject to resolution of final terms and applicability, the effect of the proposal could add up to 13.2 million shares to the average shares outstanding in our calculation of diluted earnings per share as disclosed in Note 2. However, since we may elect to settle the floating rate convertible debentures in cash, the effect on our calculation of average shares outstanding could be less than the 13.2 million shares noted above.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December 2003. Under the new law, Medicare will provide a prescription drug benefit beginning in 2006. The Act also provides for a federal subsidy to eligible sponsors of retiree health care benefits. The Financial Accounting Standards Board decided to allow companies to defer recognition of the impact of the new law on

the benefit obligations they provide their retirees, which we elected to do. Accordingly, the accumulated postretirement benefit obligation (APBO) for our retiree health care benefits, as well as the net periodic postretirement benefit cost, included in our financial statements do not reflect the effects of the Act. In May 2004, the FASB issued Staff Position No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act," which provides specific authoritative guidance on the accounting for the federal subsidy. Proposed regulations have been issued recently that will clarify eligibility requirements for the subsidy, how some of the key provisions of the Act will be applied and administered, and how the Act will impact the prescription drug benefits that we provide our retirees. We are in the process of reviewing and evaluating the proposed regulations. Based on current estimates and pending finalization of the regulations related to the Act, we do not expect the effects of the Act will have a material impact on our net earnings, financial position or cash flows, but do expect a reduction in our APBO and net periodic postretirement benefits cost.

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Item 3. Quantitative and Qualitative Disclosure of Market Risk

Our main exposure to market risk relates to interest rates and, to a lesser extent, foreign currency exchange rates. Our financial instruments that are subject to interest rate risk principally include fixed-rate and floating rate long-term debt. Our long-term debt obligations are generally not callable until maturity. We sometimes use interest rate swaps to manage our exposure to fixed and variable interest rates; however, at the end of the second quarter of 2004, we had no such agreements in place.

We use forward foreign exchange contracts to manage our exposure to fluctuations in foreign currency exchange rates. These contracts are designated as qualifying hedges of the cash flows associated with firm commitments or specific anticipated transactions, and related gains and losses on the contracts, to the extent they are effective hedges, are recognized in income when the hedged transaction occurs. To the extent the hedges are ineffective, gains and losses on the contracts are recognized currently. At June 30, 2004, the fair value of forward exchange contracts outstanding, as well as the amounts of gains and losses recorded during the quarter then ended, were not material. We do not hold or issue derivative financial instruments for trading purposes.

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Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic filings with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to use its judgment in evaluating the cost to benefit relationship of possible controls and procedures. Also, we have investments in certain unconsolidated entities. As we do not control or manage these entities, our disclosure controls and procedures with respect to those entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

At June 30, 2004, we performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. The evaluation was performed with the participation of senior management of each business segment and key Corporate functions, and under the supervision of the CEO and CFO. Based on the evaluation, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective.

We routinely review our system of internal controls over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating the activities of two business units, and migrating certain processes to our shared services organization. In addition, when we acquire new businesses, we incorporate our controls and procedures into the acquired business as part of our integration activities.

There have been no significant changes in our internal controls over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Lockheed Martin Corporation

FORWARD-LOOKING STATEMENTS

Statements in this Form 10-Q that are "forward-looking statements" are based on Lockheed Martin's current expectations and assumptions. The words "believe," "estimate," "anticipate," "project," "intend," "expect," "plan," "outlook," "forecast" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results could differ materially because of factors such as: the availability of government funding domestically and internationally; changes in government and customer priorities and requirements (including changes to respond to terrorist threats and improve homeland security); the impact of continued hostilities in Iraq on funding for existing defense programs; the award or termination of contracts; difficulties in developing and producing operationally advanced technology systems; the timing and customer acceptance of product deliveries; performance issues with key suppliers, subcontractors and customers; cost reduction and productivity efforts; financial market and other changes that may impact pension plan assumptions; charges from any future impairment reviews that may result in the recognition of losses and a reduction in the book value of investments, goodwill or other long-term assets; the future impact of proposed legislation or proposed accounting standards; the future impact of acquisitions or divestitures; the outcome of legal proceedings and other contingencies (including lawsuits, government investigations and environmental remediation efforts); the competitive environment for defense and information technology products and services; and economic, business and political conditions domestically and internationally.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Form 10-Q. We undertake no duty to update any forward-looking statements to reflect subsequent events, actual results or changes in our expectations after the date of this Form 10-Q. The forward-looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A of the Securities Act and 21E of the Exchange Act.

These are only some of the factors that may affect the forward-looking statements contained in this Form 10-Q. For further information regarding risks and uncertainties associated with our business, please see our Securities and Exchange Commission filings including, but not limited to, the discussions of "Government Contracts and Regulations" and "Risk Factors and Forward-Looking Statements" on pages 20 through 21 and pages 23 through 30, respectively, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2003; "Note 4 – Postretirement Benefit Plans" and "Note 5 – Contingencies" of the Notes to Unaudited Condensed Consolidated Financial Statements on pages 9 through 10 and pages 10 through 11, respectively, of this Form 10-Q; "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 15 through 26 of this Form 10-Q; and Part II – Item 1, "Legal Proceedings" on page 30 of this Form 10-Q.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Corporation is a party to or has property subject to litigation and other proceedings, including matters arising under provisions relating to the protection of the environment, as described in "Note 5 – Contingencies" of the Notes to Unaudited Condensed Consolidated Financial Statements in this Form 10-Q, and in the Corporation's 2003 Annual Report on Form 10-K (Form 10-K), or arising in the ordinary course of business. In the opinion of management and in-house counsel, the probability is remote that the outcome of any such litigation or other proceedings will have a material adverse effect on the Corporation's results of operations or financial position.

The Corporation is primarily engaged in providing products and services under contracts with the U.S. Government and, to a lesser degree, under direct foreign sales contracts, some of which are funded by the U.S. Government. These contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. Government investigate whether the Corporation's operations are being conducted in accordance with these requirements. U.S. Government investigations of the Corporation, whether relating to these contracts or conducted for other reasons, could result in administrative, civil or criminal liabilities, including repayments, fines or penalties being imposed upon the Corporation, or could lead to suspension or debarment from future U.S. Government contracting. U.S. Government investigations often take years to complete and many result in no adverse action against the Corporation. For the U.S. Government investigations described in the Corporation's Form 10-K, it is too early for Lockheed Martin to determine whether adverse decisions relating to these investigations could ultimately have a material adverse effect on its results of operations or financial position.

We are subject to federal and state requirements for protection of the environment, including those for discharge of hazardous materials and remediation of contaminated sites. As a result, we are a party to or have property subject to various other lawsuits or proceedings involving environmental protection matters. Due in part to their complexity and pervasiveness, such requirements have resulted in our being involved with related legal proceedings, claims and remediation obligations. The extent of our financial exposure cannot in all cases be reasonably estimated at this time. For information regarding these matters, including current estimates of the amounts that we believe are required for remediation or clean-up to the extent estimable, see "Note 5 - Contingencies" on pages 10 through 11 of this Form 10-Q.

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On July 2, 2004, the New Mexico Environment Department (NMED) issued three administrative compliance orders to the Department of Energy (DOE) and Sandia Corporation. Sandia Corporation, a wholly-owned subsidiary of Lockheed Martin, is the management and operating contractor for Sandia National Laboratories (SNL) pursuant to a contract with DOE, and is the co-operator of SNL responsible for day-to-day operations. The orders allege violations of regulations under the Resource Conservation and Recovery Act pertaining to matters such as the accumulation of materials for re-use, record-keeping, waste characterization, and other management issues. The orders seek penalties totaling $3.2 million for the alleged violations. Sandia and DOE plan to contest the orders.

As a result of a fatal shooting incident in July 2003, in which seven employees were killed and eight were wounded, at the Corporation's aircraft parts manufacturing facility in Meridian, Mississippi, nine lawsuits on behalf of 59 plaintiffs have been filed against the Corporation. Six complaints have been filed in the U.S. District Court for the Southern District of Mississippi in Jackson and three complaints have been filed in the Lauderdale County Circuit Court. Each of the complaints alleges various torts, including wrongful death, intentional infliction of injury, negligent supervision and intentional infliction of emotional distress. In addition, four of the U.S. District Court actions allege racial or gender discrimination. It is the Corporation's position that the tort actions are without merit and are precluded by the exclusivity provisions of the Mississippi worker's compensation statute, and that the discrimination allegations are without merit. Subsequent to the shooting, 21 similar charges of race-related discrimination and one charge of sexual discrimination were filed by employees with the offices of the Equal Employment Opportunity Commission (EEOC). Since July 6, 2004, the Jackson, Mississippi EEOC office has issued determination letters for 20 of those charges finding that there is reasonable cause to believe that the African American employees were racially harassed and subject to a racially hostile work environment. If conciliation of these cases is unsuccessful, the EEOC can either issue right to sue letters allowing the complainants to pursue private litigation (which many have already filed) or the EEOC may elect to file suit or attempt to join pending litigation on behalf of the employees.

In addition, see the "Legal Proceedings" section of the Form 10-K for a description of previously reported matters.

Lockheed Martin Corporation

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The following table provides information about purchases by Lockheed Martin during the three-month period ended June 30, 2004 of equity securities that are registered by the Corporation pursuant to Section 12 of the Exchange Act. There were no such purchases during the three-month period ended March 31, 2004.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs [1]	Maximum Number of Shares that May Yet Be Purchased Under the Programs [2]
April 2004	540,000	$ 47.22	540,000	30,734,900
May 2004	4,124,600	47.65	4,124,600	26,610,300
June 2004	1,120,000	49.61	1,120,000	25,490,300

(1) The Corporation repurchased a total of 5,784,600 shares of its common stock during the quarter ended June 30, 2004 under a share repurchase program that it announced in October 2002.

(2) In October 2002, the Corporation's Board of Directors approved a share repurchase program for the repurchase of up to 23 million shares of its common stock from time-to-time. Under the program, management has discretion to determine the number and price of the shares to be repurchased, and the timing of any repurchases in compliance with applicable law and regulation. In February 2004, an additional 20 million shares were authorized for repurchase under the program.

Item 4. Submission of Matters to a Vote of Security Holders

On April 22, 2004, we held our Annual Meeting of Stockholders. A description of matters voted upon by stockholders at that meeting, and the results of such votes, were disclosed in Item 4 of Lockheed Martin Corporation's Form 10-Q for the quarter ended March 31, 2004 filed with the Securities and Exchange Commission on May 5, 2004.

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Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 10.1	Lockheed Martin Corporation Deferred Management Incentive Compensation Plan
Exhibit 10.2	Lockheed Martin Corporation Supplemental Retirement Plan
Exhibit 10.3	Retirement Agreement for Vance D. Coffman
Exhibit 10.4	Letter Agreement between Lockheed Martin Corporation and Albert E. Smith
Exhibit 12	Lockheed Martin Corporation Computation of Ratio of Earnings to Fixed Charges for the six months ended June 30, 2004
Exhibit 15	Acknowledgement of Independent Registered Public Accounting Firm
Exhibit 31.1	Rule 13a-14(a) Certification of Vance D. Coffman
Exhibit 31.2	Rule 13a-14(a) Certification of Christopher E. Kubasik
Exhibit 32.1	Certification Pursuant to 18 U.S.C. Section 1350 of Vance D. Coffman
Exhibit 32.2	Certification Pursuant to 18 U.S.C. Section 1350 of Christopher E. Kubasik

(b) Reports on Form 8-K filed in the second quarter of 2004.

1. Current report on Form 8-K filed on April 7, 2004.

   The Corporation filed information concerning an amendment to the merger agreement between Lockheed Martin and The Titan Corporation.

2. Current report on Form 8-K filed on April 27, 2004.

   The Corporation furnished information contained in its press release dated April 27, 2004 related to the Corporation’s financial results for quarter ended March 31, 2004.

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3. Current report on Form 8-K filed on June 28, 2004.

   The Corporation filed information contained in its press release dated June 26, 2004 related to the terminated merger agreement between Lockheed Martin and The Titan Corporation.

(c) Reports on Form 8-K filed subsequent to the second quarter of 2004.

1. Current report on Form 8-K filed on July 27, 2004.

   The Corporation furnished information contained in its press release dated July 27, 2004 related to the Corporation’s financial results for quarter ended June 30, 2004.

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Lockheed Martin Corporation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Lockheed Martin Corporation
(Registrant)

Date: August 4, 2004

by: /s/ Rajeev Bhalla

Rajeev Bhalla
Vice President and Controller
(Chief Accounting Officer)

Exhibit 10.1

LOCKHEED MARTIN CORPORATION
DEFERRED MANAGEMENT INCENTIVE
COMPENSATION PLAN

(Adopted July 27, 1995)
As Amended August 1, 1998
As Amended Effective January 1, 1999
As Amended June 28, 2001
As Amended December 6, 2001
As Amended October 1, 2002
As Amended April 22, 2004

ARTICLE I

PURPOSES OF THE PLAN

The purposes of the Lockheed Martin Corporation Deferred Management Incentive Compensation Plan (the "Deferral Plan') are to provide certain key management employees of Lockheed Martin Corporation and its subsidiaries (the "Company") the opportunity to defer receipt of (i) Incentive Compensation awards under the Lockheed Martin Corporation Management Incentive Compensation Plan (the "MICP") and (ii) Long Term Incentive Award payments under the Lockheed Martin Corporation 1995 Omnibus Performance Award Plan (the "Omnibus Plan") and the Lockheed Martin Corporation 2003 Incentive Performance Award Plan (the "IPA Plan"). Providing this opportunity to defer income under the Deferral Plan will encourage key employees to maintain a financial interest in the Company's performance. Except as expressly provided hereinafter, the provisions of this Deferral Plan and the MICP, the Omnibus Plan and the IPA Plan shall be construed and applied independently of each other.

The Deferral Plan applies solely to MICP awards and Long Term Incentive Award payments under the Omnibus Plan and the IPA Plan and expressly does not apply to any special awards which may be made under any of the Company's other incentive plans, except and to the extent specifically provided under the terms of such other incentive plans and the relevant awards.

ARTICLE II

DEFINITIONS

Unless the context indicates otherwise, the following words and phrases shall have the meanings hereinafter indicated:

1. ACCOUNT — The bookkeeping account maintained by the Company for each Participant which is credited with the Participant's Deferred Compensation and earnings (or losses) attributable to the investment options selected by the Participant, and which is debited to reflect distributions and forfeitures; the portions of a Participant's Account allocated to different investment options and the portions attributable to the deferral of Incentive Compensation awards and Long Term Incentive Award payments will be accounted for separately.

2. ACCOUNT BALANCE — The total amount credited to a Participant's Account at any point in time, including the portions of the Account allocated to each investment option.

3. AWARD YEAR - As to Incentive Compensation, the calendar year with respect to which an Eligible Employee is awarded Incentive Compensation; as to a Long Term Incentive Award payment and the related Company Deferral, the first calendar year in the Performance Period for which the Long Term Incentive Award is effective with respect to an Eligible Employee.

4. BENEFICIARY — The person or persons (including a trust or trusts) validly designated by a Participant, on the form provided by the Company, to receive distributions of the Participant's Account Balance, if any, upon the Participant's death. In the absence of a valid designation, or if the designated Beneficiary has predeceased the Participant, the Participant's Beneficiary shall be the personal representative of the Participant's estate in the event of a Participant's death. A Participant may amend his or her Beneficiary designation at any time before the Participant's death.

5. BOARD — The Board of Directors of Lockheed Martin Corporation.

6. COMMITTEE — The committee described in Section 1 of Article VIII.

7. COMMON STOCK — The $1.00 par value common stock of the Company.

8. COMPANY — Lockheed Martin Corporation and its subsidiaries.

9. COMPANY DEFERRALS — The amount deferred by the Company, and not at the election of the Participant, for the two-year period following the end of a Performance Period for a Long Term Incentive Award.

10. COMPANY STOCK INVESTMENT OPTION — The investment option under which the amount credited to a Participant's Account will be based on the market value and investment return of the Company's Common Stock.

11. DEFERRAL AGREEMENT — The written agreement executed by an Eligible Employee on the form provided by the Company under which the Eligible Employee elects to defer Incentive Compensation for an Award Year or a Long Term Incentive Award and any related Company Deferral for an Award Year.

12. DEFERRAL PLAN — The Lockheed Martin Corporation Deferred Management Incentive Compensation Plan, adopted by the Board on July 27, 1995, and as amended from time to time.

13. DEFERRED COMPENSATION — The amount of Incentive Compensation credited to a Participant's Account under the Deferral Plan and the amount of any Long Term Incentive Award payment credited to a Participant's Account under the Deferral Plan (other than Company Deferrals).

14. ELIGIBLE EMPLOYEE — An employee of the Company who is a participant in the MICP or who receives a Long Term Incentive Award under the Omnibus Plan or the IPA Plan and who has satisfied such additional requirements for participation in this Deferral Plan as the Committee may from time to time establish. In the exercise of its authority under this provision, the Committee shall limit participation in the Plan to employees whom the Committee believes to be a select group of management or highly compensated employees within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended.

15. EXCHANGE ACT — The Securities Exchange Act of 1934.

16. INCENTIVE COMPENSATION — The MICP amount granted to an employee for an Award Year.

17. IPA PLAN — The Lockheed Martin Corporation 2003 Incentive Performance Award Plan.

18. INTEREST OPTION — The investment option under which earnings will be credited to a Participant's Account based on the interest rate applicable under Cost Accounting Standard 415, Deferred Compensation.

19. LONG TERM INCENTIVE AWARD - A long term incentive award granted to an employee under the Omnibus Plan or the IPA Plan.

20. MICP — The Lockheed Martin Corporation Management Incentive Compensation Plan.

21. OMNIBUS PLAN - The Lockheed Martin Corporation 1995 Omnibus Performance Award Plan.

22. PARTICIPANT — An Eligible Employee for whom Incentive Compensation or a Long Term Incentive Award payment has been deferred for one or more years under this Deferral Plan; the term shall include a former employee whose Deferred Compensation has not been fully distributed.

23. PAYMENT DATE — As to any Participant, the January 15 or July 15 on or about on which payment to the Participant is to be made or to begin in accordance with Article V.

24. PERFORMANCE PERIOD - The period set forth in a Long Term Incentive Award over which the Company's performance is measured by reference to total stockholder return to determine whether any payment will be made under such Long Term Incentive Award.

25. REALLOCATION EFFECTIVE DATE — The date a reallocation elected by a Participant or Beneficiary under Section 6(a) of Article IV is effected, which shall be the June 30, July 31, August 31 or September 30 immediately following the end of the Reallocation Election Period in which his or her election under Section 6(a) becomes irrevocable.

26. REALLOCATION ELECTION PERIOD — A period in which a Participant or Beneficiary may under Section 6(a) of Article IV elect a reallocation of his or her Account Balance from one investment option to another investment option, and there shall be four such election periods: June 1 through June 15, 2004, June 16 through July 15, 2004, July 16 through August 15, 2004 and August 16 through September 15, 2004.

27. SECTION 16 PERSON — A Participant who is subject to the reporting and short-swing liability provisions of Section 16 of the Securities Exchange Act of 1934 on the date a Deferral Agreement or other election form is delivered to the Company in accordance with the terms of this Deferral Plan.

28. SUBSIDIARY — As to any person, any corporation, association, partnership, joint venture or other business entity of which 50% or more of the voting stock or other equity interests (in the case of entities other than corporation), is owned or controlled (directly or indirectly) by that entity, or by one or more of the Subsidiaries of that entity, or by a combination thereof.

29. TRADING DAY — A day upon which transactions with respect to Company Common Stock are reported in the consolidated transaction reporting system.

ARTICLE III

ELECTION OF DEFERRED AMOUNT

1. Timing of Deferral Elections.

(a) Incentive Compensation. An Eligible Employee may elect to defer Incentive Compensation for an Award Year by executing and delivering to the Company a Deferral Agreement no later than October 31 of the Award Year, provided that any election by a Section 16 Person shall be subject to the provisions of Section 4 of Article IV.

(b) Long Term Incentive Awards and Company Deferrals. An Eligible Employee may elect to defer the payment of a Long Term Incentive Award and a Company Deferral for an Award Year by executing and delivering to the Company a Deferral Agreement no later than October 31 of the Award Year, provided that any election by a Section 16 Person shall be subject to the provisions of Section 4 of Article IV.

(c) Irrevocability of Elections. No Eligible Employee shall have the right to modify or revoke a Deferral Agreement for an Award Year after the applicable deadline described in Section 1(a) and Section 1(b) of this Article III for delivering a Deferral Agreement to the Company for such Award Year, provided no Section 16 Person shall have the right to modify or revoke a Deferral Agreement after such applicable deadline or, if earlier, after the date the agreement has been delivered to the Company. The Committee may establish policies and procedures to determine when a Deferral Agreement or other election called for under this Plan has been delivered to the Company. Each Deferral Agreement shall apply only to amounts deferred in that Award Year and a separate Deferral Agreement must be completed for each Award Year for which an Eligible Employee defers Incentive Compensation or a Long Term Incentive Award.

2. Amount of Deferral Elections. An Eligible Employee's deferral election may be stated as:

(a) a dollar amount which is at least $5,000 and is an even multiple of $1,000,

(b) the greater of $5,000 or a designated percentage of the Eligible Employee's Incentive Compensation or Long Term Incentive Award payment (adjusted to the next highest multiple of $1,000),

(c) the excess of the Eligible Employee's Incentive Compensation or Long Term Incentive Award payment over a dollar amount specified by the Eligible Employee (which must be an even multiple of $1,000), or

(d) all of the Eligible Employee's Incentive Compensation or Long Term Incentive Award payment.

An Eligible Employee's deferral election shall be effective only if the Participant is awarded, in the case of Incentive Compensation, at least $10,000 of Incentive Compensation for that Award Year, or in the case of Long Term Incentive Award, at least $10,000 is payable to the Participant in cash at the conclusion of the Performance Period applicable to a Long Term Incentive Award payment. In addition, in the case of a deferral election under paragraph (c) of this Section 2, an Eligible Employee's deferral election shall be effective only if the resulting excess amount is at least $5,000.

3. Effect of Taxes on Deferred Compensation. The amount that would otherwise be deferred and credited to an Eligible Employee's Account will be reduced by the amount of any tax that the Company is required to withhold with respect to the Deferred Compensation. The reduction for taxes shall be made proportionately out of amounts otherwise allocable to the Interest Option and the Company Stock Investment Option.

4. Multiple Awards. In the case of an Eligible Employee who receives more than one Long Term Incentive Award with respect to the same Performance Period, the elections made by the Eligible Employee under this Article III as well as under Articles IV and V for the first Long Term Incentive Award granted to the Eligible Employee with respect to a Performance Period shall be deemed to be the elections made by that Eligible Employee for any other Long Term Incentive Awards granted to that Eligible Employee with respect to that same Performance Period.

5. Company Deferrals. Pursuant to the terms of the Long Term Incentive Awards, 50% of the amount payable at the end of the Performance Period will be automatically deferred until the second anniversary of the last day of the Performance Period with respect to a particular award. The Company may establish an account for Company Deferrals under the Company Stock Investment Option of this Deferral Plan. However, the terms governing the Company Deferrals will be governed for the two year period of deferral by the terms of the award agreement entered into under the Omnibus Plan or the IPA Plan with respect to the Long Term Incentive Award and not by this Deferral Plan except to the extent the award agreement expressly refers to the terms of this Deferral Plan. Notwithstanding the foregoing, if the Participant elects to defer the Company Deferrals beyond the second anniversary of the end of the Performance Period, the deferrals will be treated as made under this Deferral Plan for the period following the second anniversary of the end of the Performance Period.

ARTICLE IV

CREDITING OF ACCOUNTS

1. Crediting of Deferred Compensation. Incentive Compensation or a Long Term Incentive Award payment that a Participant has elected to defer under this Deferral Plan shall be credited to the Participant's Account as of the Trading Day set by action of the Committee or, if the Committee does not act to set such a day, on the second Trading Day which follows the date of approval of the related Incentive Compensation or Long Term Incentive Award. If the Company establishes an account for Company Deferrals pursuant to Section 5 of Article III, the Company Deferrals shall be credited to such account as of the last Trading Day in the Performance Period. Any Deferred Compensation credits under this Section 1 which are allocable to the Interest Option shall be credited at the dollar amount of such credits, and any Deferred Compensation and Company Deferral credits under this Section 1 which are allocable to the Company Stock Investment Option shall be credited as if the dollar amount of credits had been invested in the Company's Common Stock at the published closing price of the Company's Common Stock on the applicable Trading Day described in this Section 1.

2. Crediting of Earnings and Reallocations.

(a) General Rules.

(i) Earnings shall be credited to a Participant's Account based on the investment option or options to which the Account has been allocated beginning with the applicable Trading Day described in this Article IV.

(ii) Earnings on amounts reallocated in accordance with this Article IV shall be credited to the Participant's Account as of the applicable day or Trading Day described for such reallocation in this Article IV.

(iii) Any amount distributed from a Participant's Account pursuant to Article V shall be credited with earnings through the last Trading Day of the month preceding the month in which a distribution is to be made on a Payment Date pursuant to Article V to the extent distributed from the portion of a Participant's Account allocated to the Company Stock Investment Option and shall (subject to Section 2(d) of this Article IV) be credited with earnings through the last day of the month preceding the month in which a distribution is to be made on a Payment Date pursuant to Article V to the extent distributed from the portion of a Participant's Account allocated to the Interest Option.

(iv) Company Deferrals shall be credited with earnings through the last Trading Day in the period which ends on the second anniversary of the end of the applicable Performance Period unless deferred further pursuant to a Deferral Agreement.

(b) Interest Option. The portion of a Participant's Account allocated or reallocated to the Interest Option shall be credited with interest, compounded monthly, while so allocated or reallocated at a rate equivalent to the then published rate for computing the present value of future benefits at the time cost is assignable under Cost Accounting Standard 415, Deferred Compensation, as determined by the Secretary of the Treasury on a semi-annual basis pursuant to Pub. L. 92-41, 85 Stat. 97.

(c) Company Stock Investment Option.

(i) The portion of a Participant's Account allocated or reallocated to the Company Stock Investment Option shall be credited when so allocated or reallocated on the applicable Trading Day described in this Article IV as if such amount had been invested in the Company's Common Stock at the published closing price of the Company's Common Stock on such Trading Day.

(ii) The portion of the Participant's Account Balance allocated to the Company Stock Investment Option shall reflect any post-allocation appreciation or depreciation in the market value of the Company's Common Stock based on the published closing price of the stock on the last Trading Day of each month and shall reflect dividends paid and any other distributions made with respect to the Company's Common Stock.

(iii) Cash dividends shall be treated as if such dividends had been reinvested in the Company's Common Stock at the published closing price of the Company's Common Stock on the Trading Day on which the cash dividend is paid or, if the dividend is paid on a day which is not a Trading Day, on the Trading Day which immediately precedes the day the dividend is paid.

(iv) If any portion of a Participant's Account is reallocated in accordance with Section 6 of this Article IV (or Section 5 prior to October 1, 2004) of this Article IV from the Company Stock Investment Option to the Interest Option, the reallocation shall be credited to the Interest Option as if the Company's Common Stock had been bought or sold at the published closing price of the Company's Common Stock on the Trading Day on which the reallocation is effective, or if the reallocation is effective as of the day that is not a Trading Day, the Trading Day which immediate precedes the effective date of the reallocation.

(d) Interest Crediting For Late Payments. If any part of a Participant's Account is allocated to the Interest Option as of a Payment Date and payment does not commence by the last day of the month in which the Payment Date occurs, earnings shall be credited on such part of the Participant's Account from the last day of the month preceding the Payment Date to the last day of the month preceding the month the late payment actually is made at the rate set forth under Section 2(b) of this Article IV. All the interest credited under this Section 2(d) of this Article IV with respect to a late payment shall be paid on the date the late payment is first made.

3. Election of Investment Options. A Participant's investment elections for a particular type of award for an Award Year shall be made in his or her Deferral Agreement for such Award Year, and no Participant shall (except as provided for in Section 5 and Section 6 of this Article IV) have the right to modify or revoke any such election after the time the Participant no longer has the right to modify or revoke a Deferral Agreement under Section 1 of Article III. A Participant's allocations between investment options shall be subject to such minimum allocations as the Committee may establish.

4. Special Rule for Section 16 Persons. An election by a Section 16 Person to have any Deferred Compensation allocated to the Company Stock Investment Option shall be effective on the Trading Day described in Section 1 of this Article IV unless he or she delivers the related Deferral Agreement to the Company less than six months before such Trading Day. If he or she delivers the related Deferral Agreement to the Company less than six months before such date, his or her Company Stock Investment Option election automatically shall be treated as an Interest Option election under Section 1 of this Article IV until the first Trading Day of the seventh month following the month in which the Deferral Agreement is delivered to the Company. The Deferred Compensation so allocated to the to the Interest Option together with any related interest credits shall by operation of this Deferral Plan automatically be reallocated and credited to the Company Stock Investment Option on such Trading Day in accordance with Section 2(b) of this Article IV.

5. Reallocations to Interest Option (deleted effective September 30, 2004). If benefit payments to a Participant or Beneficiary are to be paid or commenced to be paid over a period that extends more than six months after the date of the Participant's termination of employment with the Company, the Participant or Beneficiary, as applicable, may make a one-time irrevocable election under this Section 5 at any time after the Participant's termination of employment and before the completion of benefit payments to have the portion of the Participant's Account that is allocated to the Company Stock Investment Option reallocated to the Interest Option. A reallocation under this Section 5 shall take effect as of the first Trading Day of the month following the month in which an executed reallocation election is delivered to the Company, provided an election by a Participant or Beneficiary who is a Section 16 Person on the date the election is delivered to the Company shall be effective only if such election satisfies on such date all the requirements of the exemption under Rule l6b-3 of the Exchange Act for a "discretionary transaction" or otherwise would not result in a short swing profit recovery pursuant to Rule 16b-3 under the Exchange Act. In the event such election does not satisfy the exemption pursuant to Rule l6b-3 under the Exchange Act for a "discretionary transaction" and if giving effect to the election would result in liability under Section 16(b) of the Exchange Act, the election shall not be given effect until the first Trading Day of the month following the month in which the election could be given effect without creating liability under Section 16(b) of the Exchange Act. Notwithstanding anything herein to the contrary, no election may be made under this Section 5 after September 15, 2004, and any such election made during September 2004 will be valued and take effect as of September 30, 2004.

6. One-Time Reallocation Right.

(a) General Rule. Subject to Section 6(b) of this Article IV, a Participant or Beneficiary may during a Reallocation Election Period execute and deliver to the Company an election made on such form and in such manner as prescribed by the Committee to the Company to reallocate all or a portion (in five (5) percent increments) of his or her Account Balance (other than Company Deferrals) which is then allocated to one investment option to the other investment option. Any such election shall be irrevocable when received by the Company, and the reallocation which the Participant or Beneficiary elects shall be effective as of the Reallocation Effective Date that immediately follows the end of the Reallocation Election Period in which his or her election becomes irrevocable. Only one reallocation election may be made by a Participant or Beneficiary with the result that a reallocation made in one Reallocation Election Period will preclude a reallocation election in a subsequent Reallocation Election Period.

(b) Exception. If a Participant or a Beneficiary is a Section 16 Person on any date in a Reallocation Election Period and delivers an election to the Company in such period, such election shall have no force or effect under Section 6(a) unless such election complies with the exemption under Rule l6b-3 of the Exchange Act for a "discretionary transaction".

(c) Additional Credit. The Company shall credit to the Account of each Participant or Beneficiary that has Deferred Compensation (other than Company Deferrals) credited to the Stock Investment Option as of September 30, 2004 an amount equal to the greater of (i) $24.95 per Account Balance; or (ii) $0.10 for each whole share of Common Stock reflected in the Participant's or Beneficiary's Account Balance (exclusive of Company Deferrals). Such amount shall be allocated and credited to the Interest Option as of September 30, 2004, after taking into account any reallocation under Section 6(a) of this Article IV.

ARTICLE V

PAYMENT OF BENEFITS

1. General.

(a) Account Balance and Elections. The Company's liability to pay benefits to a Participant or Beneficiary under this Deferral Plan shall be measured by and shall in no event exceed the Participant's Account Balance. Except as otherwise provided in this Deferral Plan (including but not limited to Section 5 of Article III with respect to Company Deferrals), a Participant's Account Balance shall be paid to him in accordance with the Participant's elections under this Article V.

(b) Cash Only Payment. With respect to benefit payments made on a Payment Date which is on or before September 30, 2004, all such benefit payments shall be made in accordance with the terms of this Deferral Plan as in effect on such date in cash and, except as otherwise provided under such terms, shall reduce allocations to the Interest Option and the Company Stock Investment Option in the same proportions that the Participant's Account Balance is allocated between those investment options at the end of the month preceding the date of distribution. Notwithstanding the foregoing, no amount of Deferred Compensation shall be distributed to a Section 16 Person under this Deferral Plan which is attributable to the Stock Investment Option unless such amount was allocated to the Participant's Account in accordance with Section 1 of Article IV at least six months prior to the date of distribution or no portion of such amount was allocated to the Company Stock Investment Option in the six months prior to distribution.

(c) Cash and Stock Payments. With respect to benefit payments made after September 30, 2004, all such benefit payments shall be made in cash to the extent a Participant's Account is allocated to the Interest Option or is attributable to Company Deferrals and shall be made in whole shares of the Company's Common Stock to the extent that a Participant's Account is allocated to the Company Stock Investment Option (other than with respect to Company Deferrals) and, except as otherwise provided, shall reduce allocations to the Interest Option and the Company Stock Investment Option in the same proportions that the Participant's Account Balance is allocated between those investment options at the end of the month preceding the date of distribution. Notwithstanding the foregoing, no Common Stock shall be distributed to a Section 16 Person under this Deferral Plan unless such amount was allocated to the Participant's Account in accordance with Section 1 of Article IV at least six months prior to the date of distribution At the Company's discretion a distribution of Common Stock may be made directly to a Participant or to a brokerage account opened in the name of the Participant. When an Account is distributed in a lump sum or, if an Account is distributed in installments, when the final installment is made, cash shall be distributed at that time in lieu of any fractional share of Common Stock. The cash distribution in lieu of fractional shares shall be based on the published closing price of the Company's Common Stock on the last Trading Day of the month preceding the date the distribution is scheduled to be made.

2. Election for Commencement of Payment. At the time a Participant first completes a Deferral Agreement, he or she shall elect from among the following options governing the date on which the payment of benefits shall commence:

(A) Payment to begin on the Payment Date next following the date of the Participant's termination of employment with the Company for any reason.

(B) Payment to begin on the first Payment Date of the year next following the year in which the Participant terminates employment with the Company for any reason.

(C) Payment to begin on the Payment Date next following the date on which the Participant has both terminated employment with the Company for any reason and attained the age designated by the Participant in the Deferral Agreement.

Notwithstanding a Participant's election, if a payment of benefits in the form of shares of Common Stock made in accordance with the provisions of this Section 2 would otherwise result in a nonexempt short-swing transaction under Section 16(b) of the Exchange Act, the date of distribution with respect to any Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

3. Election for Form of Payment. At the time a Participant first completes a Deferral Agreement, he or she shall elect the form of payment of his or her Account Balance from among the following options:

(A) A lump sum.

(B) Annual installment payments for a period of years designated by the Participant, which shall not exceed fifteen (15) annual installments. The amount of each

annual payment shall be determined by dividing the Participant's Account Balance at the end of the month prior to such payment by the number of installment payments then remaining in the designated installment period. The installment period may be shortened, in the sole discretion of the Committee, if the Committee at any time determines that the amount of the annual payments that would be made to the Participant during the designated installment period would be too small to justify the maintenance of the Participant's Account and the processing of payments.

4. Prospective Change of Payment Elections.

(a) Notwithstanding anything to the contrary in this Article V, a Participant may make an election with respect to the commencement of payment (from among the options set forth in Section 2(A), (B), or (C) above) and form of payment (from among the options set forth in Section 3(A) or (B) above) of his or her entire Account Balance, or with respect to specific Award Years, by executing and delivering to the Company an election form on or after October 1, 2002 in such form as prescribed by the Company. If a Participant has different payment options in effect with respect to his or her Account Balance, the Company shall maintain sub-accounts for the Participant to determine the amounts subject to each payment election; however, no election or modification of an election will be accepted if it would require the Company to maintain more than five sub-accounts within the Participant's Account in order to make payments in accordance with the Participant's elections.

(b) In the event a Participant does not make a valid election with respect to the commencement of payment and form of benefit for an Award Year commencing on or after October 1, 2002, the Participant will be deemed to have elected that payment of benefits with respect to that Award Year be made in a lump sum on or about the Payment Date next following the date of the Participant's termination of employment.

(c) A Participant's election with respect to an Award Year (including a "deemed election" in accordance with the preceding paragraph) shall remain in effect unless and until such election is modified by a subsequent election in accordance with the second preceding paragraph above.

(d) To constitute a valid election by a Participant making a prospective change to a previous election, the prospective election must be executed and delivered to the Company (i) at least six months before the date the first payment would be due under the Participant's previous election and (ii) in a different calendar year than the date the first payment would be due under the Participant's previous election. In the event an election fails to satisfy the provisions set forth in this paragraph, such election shall be void and, if such an election is void, payment shall be made in accordance with the most recent election which was valid. In addition, no prospective election will be considered valid to the extent the prospective election would (i) result in a payment being made within six months of the date of the prospective election or (ii) result in a payment under the prospective election in the same calendar year as the date of the prospective election. In the event a prospective election fails to satisfy the provisions set forth in the preceding sentence, the first payment under the prospective election will be delayed until the first Payment Date that is both (i) at least six months after the date of the prospective election and (ii) in a calendar year after the date of the prospective election.

(e) A Participant may not make or modify an election with respect to commencement of payment or form of payment after the date a Participant terminates employment.

5. Acceleration upon Early Termination. Notwithstanding a Participant's payment elections under this Article V, if the Participant terminates employment with the Company other than by reason of layoff, death or disability and before the Participant is eligible to commence receiving retirement benefits under a pension plan maintained by the Company (or before the Participant has attained age 55 if the Participant does not participate in such a pension plan), except as provided in Section 5 of Article III with respect to Company Deferrals, the Participant's Account Balance shall be distributed to him or her in a lump sum on or about the Payment Date next following the date of the Participant's termination of employment with the Company; provided, however, that if a distribution in accordance with the provisions of this Section 5 would otherwise result in a nonexempt short-swing transaction under Section 16(b) of the Exchange Act, the date of distribution with respect to any Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

6. Acceleration Upon Conflict of Interest. Notwithstanding a Participant's payment elections under this Article V, if following a Participant's termination of employment with the Company, the Participant takes a position (or accepts a position) with a governmental entity, agency, or instrumentality and that employer has determined or indicated that the Participant's continued participation in the Plan may constitute a conflict of interest precluding the Participant from continuing in his position (or from accepting an offered position) with that employer or subjecting the Participant to penalty, sanction, or otherwise limiting the Participant's responsibilities for that employer, except as provided in Section 5 of Article III with respect to Company Deferrals, then the Participant's Account Balance shall be distributed to him or her in a lump sum as soon as practical following the later of (i) the date on which the Participant commences employment with the government employer; or (ii) the date on which it is determined or indicated that the conflict of interest may exist.

7. Death Benefits.

(a) General Rule. Upon the death of a Participant before a complete distribution of his or her Account Balance, the Account Balance will be paid to the Participant's Beneficiary in accordance with the payment elections applicable to the Participant. If a Participant dies while actively employed or otherwise before the payment of benefits has commenced, payments to the Beneficiary shall commence on the date payments to the Participant would have commenced, taking account of the Participant's termination of employment (by death or before) and, if applicable, by postponing commencement until after the date the Participant would have attained the commencement age specified by the Participant. Whether the Participant dies before or after the commencement of distributions, payments to the Beneficiary shall be made for the period or remaining period elected by the Participant.

(b) Special Rule. Notwithstanding Section 7(a) of this Article V, in the event that a Participant dies before the Participant's entire Account Balance has been distributed, the Committee, in its sole discretion, may modify the timing of distributions from the Participant's Account, including the commencement date and number of distributions, if it concludes that such modification is necessary to relieve the financial burdens of the Participant's Beneficiary; provided, however, that if a distribution in accordance with the provisions of this Section 7(b) from the portion of the Participant's Account allocated to the Company Stock Investment Option would otherwise result in a nonexempt short-swing transaction under Section 16(b) of the Exchange Act, the date of distribution with respect to such portion to any Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

8. Early Distributions in Special Circumstances. Notwithstanding a Participant's payment elections under this Article V, a Participant or Beneficiary may request an earlier distribution in the following limited circumstances (except as provided in Section 5 of Article III with respect to Company Deferrals):

(a) Hardship Distributions. A Participant may apply for a hardship distribution pursuant to this Section 8(a) on such form and in such manner as the Committee shall prescribe and, subject to the last sentence of this Section 8(a) with respect to Section 16 Persons, the Committee shall have the power and discretion at any time to approve a payment to a Participant if the Committee determines that the Participant is suffering from a serious financial emergency caused by circumstances beyond the Participant's control which would cause a hardship to the Participant unless such payment were made. Any such hardship payment will be in a lump sum and will not exceed the lesser of (i) the amount necessary to satisfy the financial emergency (taking account of the income tax liability associated with the distribution), or (ii) the Participant's Account Balance; provided, however, that if a distribution in accordance with the provisions of this Section 8(a) from the portion of the Participant's Account allocated to the Company Stock Investment Option would otherwise result in a nonexempt short-swing transaction under Section 16(b) of the Exchange Act, the date of distribution with respect to such portion to such Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

(b) Withdrawal with Forfeiture. A Participant may elect on such form and in such manner as the Committee shall prescribe at any time to withdraw ninety percent (90%) of the amount credited to the Participant's Account. If such a withdrawal is made, the remaining ten percent (10%) of the Participant's Account shall be permanently forfeited, and the Participant will be prohibited from deferring any amount under the Deferral Plan for the Award Year in which the withdrawal is received (or the first Award Year in which any portion of the withdrawal is received); provided, however, that if a distribution in accordance with the provisions of this Section 8(b) from the portion of the Participant's Account allocated to the Company Stock Investment Option would otherwise result in a nonexempt short-swing transaction under Section 16(b) of the Exchange Act, the date of distribution with respect to such portion to any Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

(c) Disability. If the Committee determines that a Participant has become permanently disabled before the Participant's entire Account Balance has been distributed, the Committee, in its sole discretion, may modify the timing of distributions from the Participant's Account, including the commencement date and number of distributions, if it concludes that such modification is necessary to relieve the financial burdens of the Participant; provided, however, that if a distribution in accordance with the provisions of this Section 8(c) from the portion of the Participant's Account allocated to the Company Stock Investment Option would otherwise result in a nonexempt short-swing transaction under Section 16 (b) of the Exchange Act, the date of distribution with respect to such

portion to any Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

9. Acceleration upon Change in Control.

(a) Notwithstanding any other provision of the Deferral Plan, except as provided in Section 5 of Article III with respect to Company Deferrals, the Account Balance of each Participant shall be distributed in a single lump sum within fifteen (15) calendar days following a "Change in Control."

(b) For purposes of this Deferral Plan, a Change in Control shall include and be deemed to occur upon the following events:

(1) A tender offer or exchange offer is consummated for the ownership of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding voting securities entitled to vote in the election of directors of the Company.

(2) The Company is merged, combined, consolidated, recapitalized or otherwise reorganized with one or more other entities that are not Subsidiaries and, as a result of the merger, combination, consolidation, recapitalization or other reorganization, less than 75% of the outstanding voting securities of the surviving or resulting corporation shall immediately after the event be owned in the aggregate by the stockholders of the Company (directly or indirectly), determined on the basis of record ownership as of the date of determination of holders entitled to vote on the action (or in the absence of a vote, the day immediately prior to the event).

(3) Any person (as this term is used in Sections 3(a)(9) and 13(d)(3) of the Exchange Act, but excluding any person described in and satisfying the conditions of Rule 13d-1 (b)(1) thereunder), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities entitled to vote in the election of directors of the Company.

(4) At any time within any period of two years after a tender offer, merger, combination, consolidation, recapitalization, or other reorganization or a contested election, or any combination of these events, the "Incumbent Directors" shall cease to constitute at least a majority of the authorized number of members of the Board. For purposes hereof, "Incumbent Directors" shall mean the persons who were members of the Board immediately before the first of these events and the persons who were elected or nominated as their successors or pursuant to increases in the size of the Board by a vote of at least three-fourths of the Board members who were then Board members (or successors or additional members so elected or nominated).

(5) The stockholders of the Company approve a plan of liquidation and dissolution or the sale or transfer of substantially all of the Company's business and/or assets as an entirety to an entity that is not a Subsidiary.

(c) Notwithstanding the provisions of Section 9(a), if a distribution in accordance with the provisions of Section 9(a) would result in a nonexempt short-swing transaction under Section 16(b) of the Exchange Act with respect to any Section 16 Person, then the date of distribution to such Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

(d) This Section 9 shall apply only to a Change in Control of Lockheed Martin Corporation and shall not cause immediate payout of Deferred Compensation in any transaction involving the Company's sale, liquidation, merger, or other disposition of any subsidiary.

(e) The Committee may cancel or modify this Section 9 at any time prior to a Change in Control. In the event of a Change in Control, this Section 9 shall remain in force and effect, and shall not be subject to cancellation or modification for a period of five years, and any defined term used in Section 9 shall not, for purposes of Section 9, be subject to cancellation or modification during the five-year period.

10. Deductibility of Payments. In the event that the payment of benefits in accordance with the Participant's elections under this Article V would prevent the Company from claiming an income tax deduction with respect to any portion of the benefits paid, the Committee shall have the right to modify the timing of distributions from the Participant's Account as necessary to maximize the Company's tax deductions. In the exercise of its discretion to adopt a modified distribution schedule, the Committee shall undertake to have distributions made at such times and in such amounts as most closely approximate the Participant's elections, consistent with the objective of maximum deductibility for the Company. The Committee shall have no authority to reduce a Participant's Account Balance or to pay aggregate benefits less than the Participant's Account Balance in the event that all or a portion thereof would not be deductible by the Company.

11. Change of Law. Notwithstanding anything to the contrary herein, if the Committee determines in good faith, based on consultation with counsel, that the federal income tax treatment or legal status of the Plan has or may be adversely affected by a change in the Internal Revenue Code, Title I of the Employee Retirement Income Security Act of 1974, or other applicable law or by an administrative or judicial construction thereof, the Committee may direct that the Accounts of affected Participants or of all Participants be distributed as soon as practicable after such determination is made, to the extent deemed necessary or advisable by the Committee to cure or mitigate the consequences, or possible consequences of, such change in law or interpretation thereof.

12. Tax Withholding. To the extent required by law, the Company shall withhold from benefit payments hereunder, or with respect to any Incentive Compensation or Long Term Incentive Award payment deferred hereunder or credit contributed by the Company under Section 6(c) of Article IV, any Federal, state, or local income or payroll taxes required to be withheld and shall furnish the recipient and the applicable government agency or agencies with such reports, statements, or information as may be legally required.

ARTICLE VI

EXTENT OF PARTICIPANTS' RIGHTS

1. Unfunded Status of Plan. This Deferral Plan constitutes a mere contractual promise by the Company to make payments in the future, and each Participant's rights shall be those of a general, unsecured creditor of the Company. No Participant shall have any beneficial interest in any specific assets that the Company may hold or set aside in connection with this Deferral Plan. Notwithstanding the foregoing, to assist the Company in meeting its obligations under this Deferral Plan, the Company may set aside assets in a trust described in Revenue Procedure 92-64, 1992-2 C.B. 422, and the Company may direct that its obligations under this Deferral Plan be satisfied by payments out of such trust. The assets of any such trust will remain subject to the claims of the general creditors of the Company. It is the Company's intention that the Deferral Plan be unfunded for Federal income tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974.

2. Nonalienability of Benefits. A Participant's rights under this Deferral Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Deferral Plan, or any interest therein shall not be permitted or recognized, other than the designation of, or passage of payment rights to, a Beneficiary.

ARTICLE VII

AMENDMENT OR TERMINATION

1. Amendment. The Board may amend, modify, suspend or discontinue this Deferral Plan at any time subject to any shareholder approval that may be required under applicable law, provided, however, that no such amendment shall have the effect of reducing a Participant's Account Balance or postponing the time when a Participant is entitled to receive a distribution of his Account Balance. Further, no amendment may alter the formula for crediting interest to Participants' Accounts with respect to amounts for which deferral elections have previously been made, unless the amended formula is not less favorable to Participants than that previously in effect, or unless each affected Participant consents to such change.

2. Termination. The Board reserves the right to terminate this Plan at any time and to pay all Participants their Account Balances in a lump sum immediately following such termination or at such time thereafter as the Board may determine; provided, however, that if a distribution in accordance with the provisions of this Section 2 would otherwise result in a nonexempt short-swing transaction under Section 16(b) of the Exchange Act, the date of distribution with respect to any Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

3. Transfer of Liability. The Board reserves the right to transfer to another entity all of the obligations of Company with respect to a Participant under this Plan if such entity agrees pursuant to a binding written agreement to assume all of the obligations of the Company under this Plan with respect to such Participant.

ARTICLE VIII

ADMINISTRATION

1. The Committee. This Deferral Plan shall be administered by the Compensation Committee of the Board or such other committee of the Board as may be designated by the Board and constituted so as to permit this Deferral Plan to comply with the disinterested administration requirements of Rule 16b-3 of the Exchange Act. The members of the Committee shall be designated by the Board. A majority of the members of the Committee (but not fewer than two) shall constitute a quorum. The vote of a majority of a quorum or the unanimous written consent of the Committee shall constitute action by the Committee. The Committee shall have full authority to interpret the Plan, and interpretations of the Plan by the Committee shall be final and binding on all parties.

2. Delegation and Reliance. The Committee may delegate to the officers or employees of the Company the authority to execute and deliver those instruments and documents, to do all acts and things, and to take all other steps deemed necessary, advisable or convenient for the effective administration of this Deferral Plan in accordance with its terms and purpose, except that the Committee may not delegate any authority the delegation of which would cause this Deferral Plan to fail to satisfy the applicable requirements of Rule 16b-3. In making any determination or in taking or not taking any action under this Deferral Plan, the Committee may obtain and rely upon the advice of experts, including professional advisors to the Company. No member of the Committee or officer of the Company who is a Participant hereunder may participate in any decision specifically relating to his or her individual rights or benefits under the Deferral Plan.

3. Exculpation and Indemnity. Neither the Company nor any member of the Board or of the Committee, nor any other person participating in any determination of any question under this Deferral Plan, or in the interpretation, administration or application thereof, shall have any liability to any party for any action taken or not taken in good faith under this Deferral Plan or for the failure of the Deferral Plan or any Participant's rights under the Deferral Plan to achieve intended tax consequences, to qualify for exemption or relief under Section 16 of the Exchange Act and the rules thereunder, or to comply with any other law, compliance with which is not required on the part of the Company.

4. Facility of Payment. If a minor, person declared incompetent, or person incapable of handling the disposition of his or her property is entitled to receive a benefit, make an application, or make an election hereunder, the Committee may direct that such benefits be paid to, or such application or election be made by, the guardian, legal representative, or person having the care and custody of such minor, incompetent, or incapable person. Any payment made, application allowed, or election implemented in accordance with this Section shall completely discharge the Company and the Committee from all liability with respect thereto.

5. Proof of Claims. The Committee may require proof of the death, disability, incompetency, minority, or incapacity of any Participant or Beneficiary and of the right of a person to receive any benefit or make any application or election.

6. Claim Procedures. If a claim under this Deferral Plan is denied by the Committee, the Committee shall communicate such denial and shall provide an opportunity to appeal such denial in a manner which the Committee deems appropriate under the circumstances, which may include following the then applicable claims procedures under the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE IX

GENERAL AND MISCELLANEOUS PROVISIONS

1. Neither this Deferral Plan, a Company Deferral nor a Participant's Deferral Agreement, either singly or collectively, shall in any way obligate the Company to continue the employment of a Participant with the Company, nor does either this Deferral Plan, a Company Deferral or a Deferral Agreement limit the right of the Company at any time and for any reason to terminate the Participant's employment. In no event shall this Deferral Plan, a Company Deferral or a Deferral Agreement, either singly or collectively, by their terms or implications constitute an employment contract of any nature whatsoever between the Company and a Participant. In no event shall this Deferral Plan, a Company Deferral or a Deferral Agreement, either singly or collectively, by their terms or implications in any way obligate the Company to award Incentive Compensation, grant any award under the Omnibus Plan or IPA Plan or make any Long Term Incentive Award payment to any Eligible Employee for any Award Year, whether or not the Eligible Employee is a Participant in the Deferral Plan for that Award Year, nor in any other way limit the right of the Company to change an Eligible Employee's compensation or other benefits.

2. Neither Incentive Compensation nor Long Term Incentive Award payments deferred under this Deferral Plan shall be treated as compensation for purposes of calculating the amount of a Participant's benefits or contributions under any pension, retirement, or other plan maintained by the Company, except as provided in such other plan.

3. Any written notice to the Company referred to herein shall be made by mailing or delivering such notice to the Company at 6801 Rockledge Drive, Bethesda, Maryland 20817, to the attention of the Vice President, Human Resources. Any written notice to a Participant shall be made by delivery to the Participant in person, through electronic transmission, or by mailing such notice to the Participant at his or her last-known place of residence or business address.

4. In the event it should become impossible for the Company or the Committee to perform any act required by this Deferral Plan, the Company or the Committee may perform such other act as it in good faith determines will most nearly carry out the intent and the purpose of this Deferral Plan.

5. By electing to become a Participant hereunder, each Eligible Employee shall be deemed conclusively to have accepted and consented to all of the terms of this Deferral Plan and all actions or decisions made by the Company, the Board, or Committee with regard to the Deferral Plan.

6. The provisions of this Deferral Plan and the Deferral Agreements hereunder shall be binding upon and inure to the benefit of the Company, its successors, and its assigns, and to the Participants and their heirs, executors, administrators, and legal representatives.

7. A copy of this Deferral Plan shall be available for inspection by Participants or other persons entitled to benefits under the Deferral Plan at reasonable times at the offices of the Company.

8. The validity of this Deferral Plan or any of its provisions shall be construed, administered, and governed in all respects under and by the laws of the State of Maryland, except as to matters of Federal law. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

9. This Deferral Plan and its operation, including but not limited to, the mechanics of deferral elections, the issuance of securities,

if any, or the payment of cash hereunder is subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal insider trading, registration, reporting and other securities laws) and such other approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith.

10. It is the intent of the Company that this Deferral Plan satisfy and be interpreted in a manner, that, in the case of Participants who are or may be Section 16 Persons, satisfies any applicable requirements of Rule 16b-3 of the Exchange Act or other exemptive rules under Section 16 of the Exchange Act and will not subject Section 16 Persons to short-swing profit liability thereunder. If any provision of this Deferral Plan would otherwise frustrate or conflict with the intent expressed in this Section 10, that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with this intent, the provision shall be deemed disregarded. Similarly, any action or election by a Section 16 Person with respect to the Deferral Plan to the extent possible shall be interpreted and deemed amended so as to avoid liability under Section 16 or, if this is not possible, to the extent necessary to avoid liability under Section 16, shall be deemed ineffective. Notwithstanding anything to the contrary in this Deferral Plan, the provisions of this Deferral Plan may at any time be bifurcated by the Board or the Committee in any manner so that certain provisions of this Deferral Plan are applicable solely to Section 16 Persons. Notwithstanding any other provision of this Deferral Plan to the contrary, if a distribution which would otherwise occur is prohibited or proposed to be delayed because of the provisions of Section 16 of the Exchange Act or the provisions of the Deferral Plan designed to ensure compliance with Section 16, the Section 16 Person involved may affirmatively elect in writing to have the distribution occur in any event; provided that the Section 16 Person shall concurrently enter into arrangements satisfactory to the Committee in its sole discretion for the satisfaction of any and all liabilities, costs and expenses arising from this election.

11. This Deferral Plan, allocations to and from the Company Stock Investment Option and the issuance and delivery of shares of Common Stock and/or other securities or property or the payment of cash under this Deferral Plan, are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal insider trading, registration, reporting and other securities laws and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company be necessary or advisable to comply with all legal requirements. Any securities delivered under this Deferral Plan shall be subject to such restrictions (and the person acquiring such securities shall, if requested by the Company provide such evidence, assurance and representations to the Company as to compliance with any thereof) as counsel to the Company may deem necessary or desirable to assure compliance with all applicable legal requirements.

12. Notwithstanding any other provision of this Deferral Plan, each Eligible Employee who is a Section 16 Person and has entered into a Deferral Agreement prior to the initial distribution of a prospectus relating to this Deferral Plan shall be entitled, during a ten-business-day period following the initial distribution of that prospectus, to make an irrevocable election to (i) receive a distribution of all or any portion of his or her Account Balance attributable to Deferred Compensation for the 1995 Award Year during the seventh month following the month of the election, or (ii) reallocate all or any part of his or her Account Balance attributable to Deferred Compensation for the 1995 Award Year to a different investment option as of the end of the sixth month following the month of the election.

13. At no time shall the aggregate Account Balances of all Participants to the extent allocated to the Company Stock Investment Option

exceed an amount equal to the then fair market value of 5,000,000 shares of the Company's Common Stock, nor shall the cumulative amount of Incentive Compensation and Long Term Incentive Award payments deferred under this Deferral Plan by all Eligible Employees for all Award Years exceed $250,000,000.

14. Whenever a signature notice or delivery of a document is required or appropriate under this Deferral Plan, signature, notice or delivery may be accomplished by paper or written format or, to the extent authorized by the Committee, by electronic means. In the event the Committee authorizes electronic means for the signature, notice or delivery of a document under this Deferral Plan, the electronic record or confirmation of that signature, notice or delivery maintained by or on behalf of the Committee shall for purposes of this Deferral Plan be treated as if it was a written signature or notice and was delivered in the manner provided herein for a written document.

ARTICLE X

EFFECTIVE DATE AND SHAREHOLDER APPROVAL

This Deferral Plan was adopted by the Board on July 27, 1995 and became effective upon adoption to awards of Incentive Compensation for the Company's fiscal year ending December 31, 1995 and subsequent fiscal years; provided, however, that with respect to Section 16 Persons, the availability of the Company Stock Investment Option is conditioned upon the approval of this Deferral Plan by the stockholders of Lockheed Martin Corporation. In the event that this Deferral Plan is not approved by the stockholders, then Section 16 Persons shall not be entitled to have Deferred Compensation allocated to the Company Stock Investment Option; any prior elections by Section 16 Persons to have allocations made to the Company Stock Investment Option shall retroactively be deemed ineffective, and the Account Balances of those Section 16 Persons shall be restated as if all of their Deferred Compensation had been allocated to the Interest Option at all times. Subsequent amendments to the Deferral Plan are effective as of the date stated in the amendment or the adopting resolution.

This Deferral Plan has been amended and restated effective as of the date stated on the first page herein.

WITNESS:

/s/

LOCKHEED MARTIN CORPORATION

/s/

Edward S. Taft
Senior Vice President, Human Resources

Exhibit 10.2

LOCKHEED MARTIN CORPORATION
SUPPLEMENTAL RETIREMENT PLAN

(Effective July 1, 2004)

ARTICLE I

PURPOSES OF THE PLAN

The purposes of the Lockheed Martin Corporation Supplemental Retirement Plan (the "Plan") are:

(a) to provide certain employees of Lockheed Martin Corporation and its subsidiaries (the "Company") with those benefits that cannot be paid from the Company's tax-qualified plans because of the limitations on contributions and benefits contained in Internal Revenue Code section 415;

(b) to provide certain key management employees of the Company with those benefits that cannot be paid from the Company's tax-qualified plans because of other limitations on contributions and benefits contained in the Internal Revenue Code, such as the limitations contained in Code section 401(a)(17); and

(c) to provide certain key management employees of the Company with other supplemental benefits.

The following plans and predecessor plans are amended, restated and merged to form this Plan, effective July 1, 2004:

1. Supplemental Retirement Benefit Plan of Lockheed Martin Corporation (formerly the Supplemental Retirement Benefit Plan of Lockheed Corporation)
2. Lockheed Martin Corporation Supplemental Excess Retirement Plan (formerly the Martin Marietta Corporation Supplemental Excess Retirement Plan)
3. Lockheed Martin Supplemental Retirement Income Plan (formerly the Martin Marietta Supplemental Retirement Income Plan)
4. Lockheed Martin Tactical Systems Supplemental Executive Retirement Plan (formerly the Loral Supplemental Executive Retirement Plan).

ARTICLE II

DEFINITIONS

Unless the context indicates otherwise or the term is defined below, all terms shall be defined in accordance with the Lockheed Martin Corporation Retirement Program.

1. ACTUARIAL EQUIVALENT – The Actuarial Equivalent shall mean a benefit which has the equivalent value computed using the interest rate which would be used by the Pension Benefit Guaranty Corporation to determine the present value of an immediate lump sum distribution on termination of a pension plan, as in effect on first day of the month of termination of employment plus one percent (1%), and the 1983 Group Annuity Mortality Table with sex distinction.
2. BENEFICIARY — The person or persons designated by the Participant as his or her beneficiary under the Qualified Pension Plan. If no beneficiary is designated under the Qualified Pension Plan, then the beneficiary shall be (a) the Participant's Spouse or (b) if there is no Spouse surviving the Participant, the Participant's estate.
3. BOARD — The Board of Directors of Lockheed Martin Corporation.
4. CODE — The Internal Revenue Code of 1986, as amended.
5. COMMITTEE — The committee described in Section 1 of Article VIII.
6. COMPANY – Lockheed Martin Corporation and its subsidiaries.

7. ELIGIBLE EMPLOYEE — An employee of the Company who (1) participates in a Qualified Pension Plan and whose benefits thereunder are affected by the limitation on benefits imposed by Section 415 or 401(a)(17) of the Code, or (2) is designated by the Committee as eligible to participate in the Plan; and who satisfies such additional requirements for participation in this Plan as the Committee may from time to time establish. The Lockheed Martin Pension Plans Administration Committee (the "Pension Committee") shall interpret the participation requirements established by the Committee for all participants except elected officers subject to Section 16(b) of the Securities and Exchange Act of 1934. Determinations of participation requirements for elected officers shall be made by the Committee.

8. PARTICIPANT — An Eligible Employee who meets the requirements for participation contained in Article III or the Annexes; the term shall include a former employee and survivors/beneficiaries whose benefit has not been fully distributed. A Participant shall cease to be an active Participant upon termination of employment, when he otherwise ceases to be an Eligible Employee, or when he otherwise ceases to meet the requirements for participation as amended from time to time.

9. QUALIFIED PENSION PLAN – A defined benefit plan specified in Appendix A in which the Participant participates.

10. PLAN – The Lockheed Martin Corporation Supplemental Retirement Plan, or any successor plan.

11. YEAR — The calendar year.

ARTICLE III

EXCESS BENEFIT PROVISIONS

1. Introduction. This Article sets forth the terms of the Plan relating to benefits determined by reference to the limitations imposed by Code section 415 and/or Code section 401(a)(17). This Article amends and restates the provisions relating to those benefits previously contained in the following plans:

(a) the Supplemental Retirement Benefit Plan of Lockheed Martin Corporation (formerly known as the Supplemental Benefit Plan of Lockheed Corporation);

(b) the Lockheed Martin Corporation Supplemental Excess Retirement Plan (formerly know as the Martin Marietta Corporation Supplemental Excess Retirement Plan); and

(c) the Lockheed Martin Tactical Systems Supplemental Executive Retirement Plan (formerly known as the Loral Supplemental Executive Retirement Plan).

2. Purpose. Benefits under this Article III supplement the benefits of Eligible Employees to the extent that such benefits cannot be paid from the Company's tax-qualified defined benefit plans because of the limitations on benefits contained in Code section 415 and/or Code section 401(a)(17). It is intended that the provisions of this Article which relate to the limitations imposed by Code section 415 constitute a separate plan for purposes of Section 3(36) of the Employee Retirement Income Security Act of 1974 (ERISA).

3. Eligibility. An Eligible Employee who is entitled to benefits under a Qualified Pension Plan, and whose retirement income benefits are limited by the provisions of the Qualified Pension Plan (as amended from time to time) relating to the limits under Code section 415 and/or Code section 401(a)(17) shall receive benefits pursuant to this Article III.

4. Amount of Benefit. The benefit that each Participant shall be entitled to receive is the difference between the Participant's actual benefit under the applicable Qualified Pension Plan and the benefits that would have been payable under that Plan if:

(a) the Qualified Pension Plan had determined pensionable earnings on a "mix and match" basis, as defined below; and

(b) the Participant's benefit under the Qualified Pension Plan had not been limited by Code section 415 and/or Code section 401(a)(17).

If a Participant's compensation under the Management Incentive Compensation Plan ("MICP") is included in pensionable earnings under a Qualified Pension Plan, the Participant's total pensionable earnings shall be determined on a "mix and match" basis. The Participant's annual compensation earned under the MICP shall be calculated separately from other annual pensionable earnings. The average of the three (3) highest years of MICP compensation during the last 10 years shall be added to the average of the three (3) highest years of other pensionable earnings during the last 10 years to arrive at total final average pensionable earnings for the applicable period under the Qualified Pension Plan.

Benefits under this Article III are intended to supplement the Participant's actual benefit under the applicable Qualified Pension Plan as necessary to provide the Participant with the full benefit the Participant would have received under the applicable Qualified Pension Plan on a "mix and match" basis and without regard to the limitations of Code section 415 and Code section 401(a)(17). To prevent duplication of benefits, the full benefit under the applicable Qualified Pension Plan shall be calculated without reduction for Code section 415 and Code section 401(a)(17), then reduced by the benefit payable from the applicable Qualified Pension Plan, and then reduced further by the benefit payable from other nonqualified pension plans of the Company which corresponds to the benefit payable under the applicable Qualified Pension Plan (including any benefit payable under Annex B of this Plan and excluding any nonqualified plans designed to supplement qualified defined contribution plans). The remaining benefit shall be paid from this Plan pursuant to this Article III. Participants have no right to duplicate benefits with respect to the same period of service, and the Committee may make such adjustments to the benefits under this Plan as the Committee deems necessary to prevent duplication of benefits.

The benefit payable under this Article III shall be payable to the Participant or Beneficiary or any other person who is receiving or entitled to receive benefits with respect to the Participant under the Qualified Pension Plan.

If the benefits payable under the Qualified Pension Plan to any Participant are increased following the Participant's retirement as a result of a general increase in the benefits payable to retired employees under that Plan, no such increase will be made under this Plan unless the Committee expressly so provides in writing.

ARTICLE IV

SUPPLEMENTAL BENEFITS

In addition to the benefits described in Article III, the Plan also provides benefits to certain key management employees, as set forth in the Annexes. Eligibility for, and the amount of, such benefits is set forth in the applicable Annex. Payment options for such benefits are described in Article V.

ARTICLE V

PAYMENT OF BENEFITS

1. Vesting. Except as provided in Article VI, and subject to the Company's right to discontinue the Plan as provided in Article VII, a Participant shall have a non-forfeitable benefit payable under this Plan to the same extent as benefits are vested under the applicable Qualified Pension Plan. As provided in Article VI, if a Participant acquires a right to receive payments under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

2. Form of Payment. Benefits shall be paid in the same form at the same times and for the same period as benefits are paid with respect to the Participant under the applicable Qualified Pension Plan, except as provided in the following paragraphs. Actuarial adjustments shall be based on the factors set forth in the Qualified Pension Plan, except as provided in the following paragraphs. If the benefits payable under this Plan correspond to Qualified Pension Plan benefits with multiple commencement dates, each portion of the benefits payable under this Plan shall be paid at the same time as the corresponding portion of the benefits is paid from the Qualified Pension Plan. If an Employee's benefits under the Qualified Pension Plan are suspended for any month in accordance with the re-employment provisions thereof, the Participant's benefit for that month shall likewise be suspended under this Plan.

Lump Sum Option. A Participant may irrevocably elect to receive a full or partial single lump sum payment in an amount which is the Actuarial Equivalent of the benefit described above, and with no interest for the period between the date of termination of employment and the payment date. This election must be made within the time period for electing the form of benefit under the corresponding Qualified Pension Plan, by filing a written election in the form and manner prescribed by the Company. Payment will be made six (6) months following the date payments would otherwise begin pursuant to the above paragraph.

Pre-Retirement Survivor Benefit. In the event the Participant dies prior to the date his or her retirement has commenced under this Plan and the corresponding Qualified Pension Plan, the pre-retirement survivor benefit payable to the surviving spouse (if any) under this Plan (the "Pre-Retirement Survivor Benefit" and the "Surviving Spouse") will be payable, at the election of the Surviving Spouse, in any of the following forms:

(a) in the form of a monthly annuity payable to the Surviving Spouse for his lifetime, with no further payments to anyone after his death (which will be referred to as the "Regular Form");

(b) in the form of a lump sum payment which is the Actuarial Equivalent of the Regular Form (the "100% Lump Sum"), but with Actuarial Equivalent determined as of the Election Date, and with no interest for the period between the Election Date (or, if later, the date the Participant would have attained age 55 had he survived) and the payment date; or

(c) in the form of a combined lump sum and life annuity benefit of (x) and (y), where (x) equals a lump sum amount selected by the Surviving Spouse which is less than the 100% Lump Sum and (y) is a monthly single life annuity for the life of Surviving Spouse (with no further payments to anyone after his death) in an amount that can be provided with the difference between (x) and the 100% Lump Sum.

Any election to receive the benefit in the form of a lump sum as set forth in (b) above or a combined lump sum and annuity as set forth in (c) above must be made by the Surviving Spouse no later than 90 days after the date of the Participant's death or, if later, the date the Participant would have attained age 55 had he survived (with the date such election is made by the Surviving Spouse referred to as the "Election Date"). In the event the Surviving Spouse makes an election for a lump sum or partial lump sum payment within this period, payment will not be made to the Surviving Spouse until six months after the Election Date (or, if later, six months after the date the benefit would otherwise be payable under this Plan).

Cash-out of Small Benefits. Notwithstanding the above, if the Value of the sum of the benefits payable to a Participant or Beneficiary under this Plan does not exceed the amount that may be distributed without consent under Section 411(a)(11) of the Code, all such benefits will be paid in a single lump sum payment in full discharge of all liabilities with respect to such benefits. For purposes of this Section, Value shall be determined as of the Participant's termination of employment, and shall mean the present value of a Participant's or Beneficiary's benefits based upon the applicable mortality table and applicable interest rate in Code section 417(e)(3)(ii) for the calendar month preceding the Plan Year in which the termination of employment occurs.

3. Deductibility of Payments. In the event that the payment of benefits under Section 2 would prevent the Company from claiming an income tax deduction with respect to any portion of the benefits paid, the Committee shall have the right to modify the form and timing of distributions as necessary to maximize the Company's tax deductions. In the exercise of its discretion to adopt a modified distribution schedule, the Committee shall undertake to have distributions made at such times and in such amounts as most closely approximate the payment method described in Section 2, consistent with the objective of maximum deductibility for the Company. The Committee shall have no authority to reduce a Participant's accrued benefit under this Plan or to pay aggregate benefits less than the Participant's accrued benefit in the event that all or a portion thereof would not be deductible by the Company.

4. Change of Law. Notwithstanding anything to the contrary herein, if the Committee determines in good faith, based on consultation with counsel, that the federal income tax treatment or legal status of this Plan has or may be adversely affected by a change in the Code, Title I of the Employee Retirement Income Security Act of 1974, or other applicable law or by an administrative or judicial construction thereof, the Committee may direct that the benefits of affected Participants or of all Participants be distributed as soon as practicable after such determination is made, to the extent deemed necessary or advisable by the Committee to cure or mitigate the consequences, or possible consequences of, such change in law or interpretation thereof.

5. Acceleration upon Change in Control.

Notwithstanding any other provision of the Plan, the accrued benefit of each Participant shall be distributed in a single lump sum within fifteen (15) calendar days following a "Change in Control."

For purposes of this Plan, a Change in Control shall include and be deemed to occur upon the following events:

(a) A tender offer or exchange offer is consummated for the ownership of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding voting securities entitled to vote in the election of directors of the Company.

(b) The Company is merged, combined, consolidated, recapitalized or otherwise reorganized with one or more other entities that are not Subsidiaries and, as a result of the merger, combination, consolidation, recapitalization or other reorganization, less than 75% of the outstanding voting securities of the surviving or resulting corporation shall immediately after the event be owned in the aggregate by the stockholders of the Company (directly or indirectly), determined on the basis of record ownership as of the date of determination of holders entitled to vote on the action (or in the absence of a vote, the day immediately prior to the event).

(c) Any person (as this term is used in Sections 3(a)(9) and 13(d)(3) of the Exchange Act, but excluding any person described in and satisfying the conditions of Rule 13d-1(b)(1) thereunder), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities entitled to vote in the election of directors of the Company.

(d) At any time within any period of two years after a tender offer, merger, combination, consolidation, recapitalization, or other reorganization or a contested election, or any combination of these events, the "Incumbent Directors" shall

cease to constitute at least a majority of the authorized number of members of the Board. For purposes hereof, "Incumbent Directors" shall mean the persons who were members of the Board immediately before the first of these events and the persons who were elected or nominated as their successors or pursuant to increases in the size of the Board by a vote of at least three-fourths of the Board members who were then Board members (or successors or additional members so elected or nominated).

(e) The stockholders of the Company approve a plan of liquidation and dissolution or the sale or transfer of substantially all of the Company's business and/or assets as an entirety to an entity that is not a Subsidiary.

This Section 5 shall apply only to a Change in Control of Lockheed Martin Corporation and shall not cause immediate payout of benefits under this Plan in any transaction involving the Company's sale, liquidation, merger, or other disposition of any subsidiary.

The Committee may cancel or modify this Section 5 at any time prior to a Change in Control. In the event of a Change in Control, this Section 5 shall remain in force and effect, and shall not be subject to cancellation or modification for a period of five years, and any defined term used in Section 6 shall not, for purposes of Section 5, be subject to cancellation or modification during the five year period

6. Tax Withholding. To the extent required by law, the Company shall withhold from benefit payments hereunder any Federal, state, or local income or payroll taxes required to be withheld and shall furnish the recipient and the applicable government agency or agencies with such reports, statements, or information as may be legally required. No benefit payments shall be made to the Participant until the withholding obligation for taxes under Code sections 3101(a) and 3101(b) has been satisfied with respect to the Participant.

7. Retiree Medical Withholding. A Participant may direct the Company to withhold from the Participant's benefit payments hereunder all or a portion of the amount that the Participant is required to pay for Company-provided retiree medical coverage.

8. Reemployment. The retirement benefit otherwise payable hereunder to any Participant who previously retired or otherwise had a Termination of Employment and is subsequently reemployed shall be treated in a manner consistent with the treatment of the benefit under the applicable Qualified Plan.

9. Mistaken Payments. No participant or Beneficiary shall have any right to any payment made (1) in error, (2) in contravention to the terms of the Plan, the Code, or ERISA, or (3) because the Committee or its delegates were not informed of any death. The Committee shall have full rights under the law and ERISA to recover any such mistaken payment, and the right to recover attorney's fees and other costs incurred with respect to such recovery. Recovery shall be made from future Plan payments, or by any other available means.

ARTICLE VI

EXTENT OF PARTICIPANTS' RIGHTS

1. Unfunded Status of Plan. This Plan constitutes a mere contractual promise by the Company to make payments in the future, and each Participant's rights shall be those of a general, unsecured creditor of the Company. No Participant shall have any beneficial interest in any specific assets that the Company may hold or set aside in connection with this Plan. Notwithstanding the foregoing, to assist the Company in meeting its obligations under this Plan, the Company may set aside assets in a trust or trusts described in Revenue Procedure 92-64, 1992-2 C.B. 422, and the Company may direct that its obligations under this Plan be satisfied by payments out of such trust or trusts. The assets of any such trust will remain subject to the claims of the general creditors of the Company. It is the Company's intention that the Plan be unfunded for Federal income tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974.

2. Nonalienability of Benefits. A Participant's rights under this Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Plan, or any interest therein shall not be permitted or recognized, other than the designation of, or passage of payment rights to, a Beneficiary or transfer of an interest in this Plan to a Participant's former spouse incident to divorce under a Qualified Domestic Relations Order.

3. Forfeiture. If, following the date on which a Participant shall retire under this Plan, a Participant shall engage in the operation or management of a business, whether as owner, stockholder, partner, officer, employee, consultant, or otherwise, which at such time is in competition with the Company or any of its subsidiaries, or shall disclose to unauthorized persons information relative to the business of the Company or any of its subsidiaries which the Participant shall have reason to believe is confidential, or otherwise act, or conduct oneself, in a manner which the Participant shall have reason to believe is contrary to the best interest of the Company, or shall be found by the Committee to have committed an act during the term of the Participant's employment which would have justified the Participant being discharged for cause, the Participant's retirement benefit under this Plan shall terminate. Application of this Section will be at the discretion of the Committee.

ARTICLE VII

AMENDMENT OR TERMINATION

1. Amendment. The Board may amend, modify, suspend or discontinue this Plan at any time subject to any shareholder approval that may be required under applicable law, provided, however, that no such amendment shall have the effect of reducing a Participant's accrued benefit or postponing the time when a Participant is entitled to receive a distribution of his accrued benefit unless each affected Participant consents to such change.

2. Termination. The Board reserves the right to terminate this Plan at any time and to pay all Participants their accrued benefits in a lump sum or to make other provisions for the payment of benefits (e.g. purchase of annuities) immediately following such termination or at such time thereafter as the Board may determine.

3. Transfer of Liability. The Board reserves the right to transfer to another entity all of the obligations of Company with respect to a Participant under this Plan if such entity agrees pursuant to a binding written agreement with the Company or its subsidiaries to assume all of the obligations of the Company under this Plan with respect to such Participant.

4. Merger. The Board reserves the right to merge all or part of this Plan with or into another plan, provided (1) such other plan preserves all of the obligations of the Company under this Plan with respect to such Participant and (2) each Participant in the Plan would (if the Plan then terminated) receive a benefit immediately after the merger which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger (if the Plan had then terminated).

ARTICLE VIII

ADMINISTRATION

1. The Committee. This Plan shall be administered by the Management Development and Compensation Committee of the Board or such other committee of the Board as may be designated by the Board. The members of the Committee shall be designated by the Board. A majority of the members of the Committee (but not fewer than two) shall constitute a quorum. The vote of a majority of a quorum or the unanimous written consent of the Committee shall constitute action by the Committee. The Committee and its delegates shall have full discretion to construe and interpret the terms and provisions of the Plan, which interpretation or construction shall be final, conclusive and binding on all parties, including but not limited to the Company and any Participant or Beneficiary, except as otherwise provided by law. Except as otherwise provided in Section 6, the Committee delegates the authority to adjudicate claims to the Pension Committee.

2. Delegation and Reliance. The Committee may delegate to the officers or employees of the Company the authority to execute and deliver those instruments and documents, to do all acts and things, and to take all other steps deemed necessary, advisable or convenient for the effective administration of this Plan in accordance with its terms and purpose. In making any determination or in taking or not taking any action under this Plan, the Committee may obtain and rely upon the advice of experts, including professional advisors to the Company. No member of the Committee or officer of the Company who is a Participant hereunder may participate in any decision specifically relating to his or her individual rights or benefits under the Plan.

3. Exculpation and Indemnity. Neither the Company nor any member of the Board or of the Committee, nor any other person participating in any determination of any question under this Plan, or in the interpretation, administration or application thereof, shall have any liability to any party for any action taken or not taken in good faith under this Plan or for the failure of the Plan or any Participant's rights under the Plan to achieve intended tax consequences, or to comply with any other law, compliance with which is not required on the part of the Company.

4. Facility of Payment. If a minor, person declared incompetent, or person incapable of handling the disposition of his or her property is entitled to receive a benefit, make an application, or make an election hereunder, the Committee may direct that such benefits be paid to, or such application or election be made by, the guardian, legal representative, or person having the care and custody of such minor, incompetent, or incapable person. Any payment made, application allowed, or election implemented in accordance with this Section shall completely discharge the Company and the Committee from all liability with respect thereto.

5. Proof of Claims. The Retirement Plan Administration Committee may require proof of the death, disability, incompetency, minority, or incapacity of any Participant or Beneficiary and of the right of a person to receive any benefit or make any application or election.

6. Claim Procedures. The procedures when a claim under this Plan is wholly or partially denied by the Committee or its delegate, as applicable (the "Claims Administrator") are as follows:

(a) The Claims Administrator shall, within 90 days after receipt of a claim, furnish to claimant a written notice setting forth, in a manner calculated to be understood by claimant: (1) the specific reason or reasons for the denial; (2) specific reference to pertinent Plan provisions on which the denial is based; (3) a description of any additional materials or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; (4) an explanation of the steps to be taken if the claimant wishes to have the denial reviewed; and (5) a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse determination on review. The 90 day period may be extended for not more than an additional 90 days if special circumstances make such an extension necessary. The Claims Administrator shall give the claimant, before the end of the initial 90 day period, a written notice of such extension, stating such special circumstances and the date by which the Claims Administrator expects to render a decision.

(b) By a written application filed with the Claims Administrator within 60 days after receipt by claimant of the written notice described in paragraph (a), the claimant or his duly authorized representative may request review of the denial of his claim.

(c) In connection with such review, the claimant or his duly authorized representative may submit issues, comments, documents, records and other information relating to the claim for benefits to the Claims Administrator. In addition, the claimant will be provided, upon request and free of charge, reasonable access to and copies of all documents, records, or other information "relevant" to claimant's claim for benefits. A document, record, or other information is "relevant" if it: (1) was relied upon in making the benefit determination; (2) was submitted, considered or generated in the course of making the benefit determination, without regard to whether such document, record or information was relied upon in making the benefit determination; or (3) demonstrates compliance with administrative processes and safeguards required under federal law.

(d) The Plan will provide an impartial review that takes into account all comments, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The Claims Administrator shall make a decision and furnish such decision in writing to the claimant within 60 days after receipt by the Claims Administrator of the request for review. This period may be extended to not more than 120 days after such receipt if special circumstances make such an extension necessary. The claimant will be notified in writing prior to the expiration of the original 60 day period if such an extension is required, and such notice will include the reason for the extension and the date by which it is expected that a decision will be reached. The decision on review shall be in writing, set forth in a manner calculated to be understood by the claimant and shall include: (1) the specific reasons for the decision; (2) specific reference to the pertinent Plan provisions on which the decision is based; (3) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information "relevant" to the claimant's claim for benefits; (4) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; (5) a statement describing any voluntary appeal procedures and the claimant's right to obtain information about such procedures, if any; and (6) a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review. If in the event that the reviewing committee must make a determination of disability in order to decide a claim, the reviewing committee shall follow the special claims procedures for disability benefits described in Department of Labor Regulation section 2560.503-1(d). The reviewing committee shall render a decision within a reasonable time (not to exceed 90 days) after the claimant's request for review, rather than within 120 days as set forth in the above paragraph.

ARTICLE IX

GENERAL AND MISCELLANEOUS PROVISIONS

1. This Plan shall not in any way obligate the Company to continue the employment of a Participant with the Company, nor does this Plan limit the right of the Company at any time and for any reason to terminate the Participant's employment. In no event shall this Plan constitute an employment contract of any nature whatsoever between the Company and a Participant. In no event shall this Plan by its terms or implications in any way limit the right of the Company to change an Eligible Employee's compensation or other benefits.

2. Any benefits accrued under this Plan shall not be treated as compensation for purposes of calculating the amount of a Participant's benefits or contributions under any pension, retirement, or other plan maintained by the Company, except as provided in such other plan.

3. Any written notice to the Company referred to herein shall be made by mailing or delivering such notice to the Company at 6801 Rockledge Drive, Bethesda, Maryland 20817, to the attention of Pension Plan Operations, Human Resource Services. Any written notice to a Participant shall be made by delivery to the Participant in person, through electronic transmission, or by mailing such notice to the Participant at his or her place of residence or business address.

4. In the event it should become impossible for the Company or the Committee to perform any act required by this Plan, the Company or the Committee may perform such other act as it in good faith determines will most nearly carry out the intent and the purpose of this Plan.

5. Each Eligible Employee shall be deemed conclusively to have accepted and consented to all the terms of this Plan and all actions or decisions made by the Company, the Board, or Committee with regard to the Plan.

6. The provisions of this Plan shall be binding upon and inure to the benefit of the Company, its successors, and its assigns, and to the Participants and their heirs, executors, administrators, and legal representatives.

7. The validity of this Plan or any of its provisions shall be construed, administered, and governed in all respects under and by the laws of the State of Maryland, except as to matters of Federal law. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

8. This Plan and its operation, including the payment of cash hereunder, is subject to compliance with all applicable Federal and state laws, rules and regulations and such other approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith.

ARTICLE X

EFFECTIVE DATE

This Plan, including any amendment and restatement of the prior plans, is generally effective July 1, 2004.

ANNEX A

Additional Benefits under
Lockheed Martin Corporation Termination Benefits Agreements

1. Introduction. The benefits described in this Annex previously were provided as part of the Supplemental Retirement Benefit Plan of Lockheed Martin Corporation. That Plan was formerly known as the Supplemental Benefit Plan of Lockheed Corporation.

2. Purpose. This Annex provides a supplemental benefit to those employees who entered into certain Termination Benefits Agreements with Lockheed Corporation (now Lockheed Martin Corporation).

3. Eligibility. An Eligible Employee who entered into a Termination Benefits Agreement with Lockheed Corporation (now Lockheed Martin Corporation) prior to August 29, 1994, shall receive benefits pursuant to this Annex.

4. Amount of Benefit. The benefit that each Eligible Employee shall be entitled to receive is any additional benefit to which the Eligible Employee becomes entitled with respect to the Lockheed Martin Corporation Retirement Plan for Certain Salaried Employees pursuant to Section 6(a) of his or her Termination Benefits Agreement on account of the merger of Lockheed Corporation contemplated by the Agreement and Plan of Reorganization, dated as of August 29, 1994, by and among Lockheed Martin Corporation, Martin Marietta Corporation, and Lockheed Corporation.

ANNEX B

Additional Benefits Previously Provided under the
Lockheed Martin Corporation Supplemental Excess Retirement Plan

1. Introduction. The benefits described in this Annex previously were provided as part of the Lockheed Martin Corporation Supplemental Excess Retirement Plan. That Plan was formerly known as the Martin Marietta Corporation Supplemental Excess Retirement Plan, and included provisions previously contained in the Lockheed Martin Supplemental Retirement Income Plan.

2. Purpose. This Annex provides a supplemental benefit to salaried employees who were considered highly compensated employees as of December 31, 1990 and who were also participants in the Martin Marietta Corporation Retirement Income Plan as of September 30, 1975, whose benefits are limited by Code section 401(a)(4).

3. Eligibility. This Annex provides benefits to salaried employees who were considered highly compensated employees as of December 31, 1990 (as determined under the Martin Marietta Corporation Retirement Income Plan as in effect on that date) and who were also covered employees in the Martin Marietta Corporation Retirement Income Plan as of September 30, 1975 or were participants for 12 consecutive months prior to September 30, 1975 who receive a pension benefit calculated under the Pre-ERISA formula in the Martin Marietta Corporation Retirement Income Plan.

4. Amount of Benefit. Participants shall receive a retirement benefit from this Plan equal to the excess, if any, of (1) the pension benefit calculated based on the formula described in Article V(1)(b) or Article IX(2)(b) of the January 1, 1995 Martin Marietta Corporation Retirement Income Plan without regard to the limitation described in Article V(1)(c), Article IX(2)(c) or Code section 415 or Code section 401(a)(17), reduced by the greater of the pension benefits described in Article V(1)(b) or Article IX(2)(b) of the January 1, 1995 Retirement Income Plan. To prevent duplication of benefits, the benefit payable under this Annex shall be coordinated with any benefit payable under Article III of the Plan, as set forth in Article III.

In no event shall the computation of benefits under this Annex take into account any service performed by a Participant after separation from employment with the Company or its subsidiaries.

APPENDIX A

Qualified Pension Plans

1. Lockheed Martin Corporation Retirement Plan for Certain Salaried Employees
2. Lockheed Martin Corporation Retirement Income Plan
3. Lockheed Martin Account Balance Retirement Plan
4. Lockheed Martin Corporation Retirement Income Plan III
5. Lockheed Martin Pension Plan for Former Salaried and Hourly Employees of Inactive Commercial Divisions
6. KAPL Inc. Pension Plan for Salaried Employees
7. Lockheed Martin Global Telecommunications Retirement Plan (effective for retirements commencing on or after July 1, 2004)

This Lockheed Martin Corporation Supplemental Retirement Plan has been amended and restated effective as of July 1, 2004.

LOCKHEED MARTIN CORPORATION

By: /s/

Edward Taft
Senior Vice President of Human Resources

Witness: /s/

Exhibit 10.3

RETIREMENT AGREEMENT

WHEREAS, Dr. Vance D. Coffman ("Dr. Coffman"), after 37 years of service for Lockheed Martin Corporation ("LMC" or "Corporation") has announced that he will retire as LMC's Chief Executive Officer effective September 1, 2004;

WHEREAS, LMC believes that in light of the significant management and technical positions held by Dr. Coffman and the access he has had to information, that it would serve the Corporation's interests to obtain an agreement from Dr. Coffman to not engage in activity in competition with the business of the Corporation and to not disclose proprietary information;

WHEREAS, LMC believes that in light of Dr. Coffman's long and outstanding career with LMC, that it would be prudent to secure Dr. Coffman's agreement to provide advice and counsel from time to time with the Corporation on matters within his expertise and experience.

WHEREAS, LMC has determined that it will provide to Dr. Coffman certain additional benefits in connection with his retirement in recognition of the contributions he has made to LMC's long-term success;

NOW THEREFORE, in consideration of the mutual promises contained within this Retirement Agreement ("Agreement"), Dr. Coffman and LMC agree as follows:

1. Covenants of Dr. Coffman: Dr. Coffman agrees as follows:

(a) **Covenant Not to Compete**: For the three year period following the effective date of Dr. Coffman's retirement from LMC, Dr. Coffman will not, on his own or in association with others, either be directly or indirectly employed by or engage in or be associated with or tender advice or services as an employee, advisor, director, officer, partner, consultant or otherwise by or with any corporation, partnership, or other business considered to be a Competitor of LMC. During that three-year period, Dr. Coffman also agrees not to interfere with, disrupt, or attempt to disrupt the relationship, contractual or otherwise, between LMC and any customer, supplier or employee of LMC. For the purpose of this Agreement, the term "Competitor" will mean The Boeing Company, General Dynamics Corporation, Northrop Grumman Corporation, the Raytheon Company, United Technologies Corporation, Honeywell International Inc. or any successor to all or a material part of the business of any such company as a result of a merger, reorganization, consolidation, spin-off, split-up, acquisition, divestiture, operation of law or similar transaction.

(b) **Covenant to Maintain the Confidentiality of Proprietary Information**: Dr. Coffman will not use or disclose to any person Proprietary Information to which he

had access or for which he was responsible for creating during his employment with LMC. All proprietary materials to which he has had access, or which were furnished or otherwise made available to him in connection with his employment with LMC shall be and remain the property of LMC. All business materials, documents and information belonging to LMC including any Proprietary Information, and all reproductions of those materials, documents and information shall be returned to LMC upon request of LMC. For the purpose of this Agreement, the term "Proprietary Information" shall mean any information of LMC or of others, which has come into LMC's or Dr. Coffman's possession, custody or knowledge in the course of his employment that has independent economic value as a result of its not being generally known to the public and is the subject of reasonable means to preserve the confidentiality of the information.

(c) **Covenant For Advice and Counsel**: After April 30, 2005, Dr. Coffman agrees to make himself available upon reasonable request and at his convenience to provide advice and counsel to the LMC Chief Executive Officer from time to time concerning LMC business operations; provided however, that LMC will reimburse Dr. Coffman for any out of pocket expenses incurred in connection with providing such advice and counsel. Any request for extended assignment requiring more than limited amounts of time will be separately negotiated.

2. Covenants of LMC: LMC agrees as follows:

(a) **Covenant to Amend 2004 Option Grant**: LMC, acting by resolution of the Management Development and Compensation Committee of the Board of Directors has amended Dr. Coffman's January 2004 option grant to provide that upon his retirement, his options will not be forfeited and will continue to vest upon the vesting dates set forth in the original award agreement.

(b) **Covenant to Provide Office Support and Home Security**: From the date of his retirement until April 30, 2005, LMC will make available to Dr. Coffman office space and secretarial support at LMC headquarters in Bethesda, Maryland. LMC will also make available to Dr. Coffman office space and secretarial support for his use outside Bethesda, MD as designated by Dr. Coffman. Following his retirement, LMC will provide equipment, connectivity and technical support to maintain home offices at his residences. LMC will also provide security systems and related support for his residences.

(c) **Covenant to Make Contribution to Academic Institution**: LMC acting by resolution of the Strategic Affairs Committee of the Board of Directors has authorized a one-time contribution in the amount of $1,500,000 to endow a chair in the name of Dr. Coffman at Iowa State University.

(d) **Covenant to Provide Use of Corporate Aircraft**: Until April 30, 2005, for security purposes, Dr. Coffman will have access to the LMC fleet of corporate aircraft for business and personal use in accordance with LMC's policies for use of corporate aircraft. After April 30, 2005, Dr. Coffman will have use of the corporate aircraft for

approved LMC business purposes. Dr. Coffman will reimburse LMC at appropriate IRS rates if a family member accompanies him on a trip on the corporate aircraft unless the family member's attendance is for a business purpose.

(e) **Covenant to Provide Relocation Costs:** LMC will pay on Dr. Coffman's behalf expenses incurred for moving his household goods to the west coast in an amount not to exceed $50,000.

(f) **Covenant to Provide Miscellaneous compensation items**: LMC will continue Dr. Coffman's country club memberships through April 2005, to be used by Dr. Coffman as Chairman of the Board of Directors.

3. Miscellaneous Provisions:

(a) **Effective Date of Agreement**: This Agreement will become effective upon the date of execution by both parties.

(b) **Governing Law**: This Agreement shall be governed by Maryland law, without regard to its provisions governing conflicts of law. Any dispute concerning this Agreement shall be determined by binding arbitration under the American Arbitration Association rules for arbitrating commercial disputes.

(c) **Severability**: It is the desire and intent of the parties that the provisions of this Agreement bind the parties. Accordingly, if any particular portion of this Agreement is adjudicated to be invalid or unenforceable, this Agreement shall be deemed amended to delete that portion from this Agreement with such deletion to apply only with respect to the operation of that provision in the particular jurisdiction in which such adjudication is made.

(d) **Other Benefits:** Nothing in this Agreement is intended to affect any of the other benefits, perquisites or compensation payable to Dr. Coffman as a result of his employment with LMC or his retirement.

IN WITNESS WHEREOF, the parties have executed this agreement this 23 day of July, 2004:

LOCKHEED MARTIN CORPORATION	VANCE D. COFFMAN
/s/	/s/
Edward S. Taft Senior Vice President, Human Resources	

Exhibit 10.4

May 11, 2004

Mr. Albert E. Smith
Executive Vice President
Integrated Systems & Solutions
Lockheed Martin Corporation
700 North Frederick Avenue
Gaithersburg, Maryland 20879

Dear Al:

This letter confirms our recent conversations and our agreement concerning your retirement from Lockheed Martin Corporation (the "Corporation"). We have agreed as follows:

1. You have advised the Corporation of your desire to retire next year. The Corporation would like for you to remain an employee until your retirement to ensure a smooth transition of your current duties as Executive Vice President of the Integrated Systems & Solutions business area and to assist the Chief Executive Officer of the Corporation in projects that take advantage of your years of experience in a number of the Corporation's businesses. Accordingly, effective as of June 1, 2004, you will resign as Executive Vice President of the Integrated Systems & Solutions business area and will become Senior Advisor to the Chief Executive Officer of the Corporation. In that position you will report directly to the Chief Executive Officer of the Corporation and will work on those matters requested of you by the Chief Executive Officer. You will remain Senior Advisor to the Chief Executive Officer until you retire from the Corporation effective February 1, 2005. Subject to the Corporation's compliance with the requirements of applicable law, the timing and nature of the announcement of your new position with the Corporation will be agreed upon by you, Dr. Coffman and Mr. Stevens.

2. Effective upon your resignation as Executive Vice President of the Integrated Systems & Solutions business area on June 1, 2004, you will no longer be considered an officer of the Corporation for purposes of the provisions of Section 16 of the Securities Exchange Act of 1934. Your status as an elected corporate officer will continue until your retirement on February 1, 2005.

3. Until your retirement on February 1, 2005, you will not accept employment from any other entity. During that period, however, you may continue to participate as a member of the Defense Science Board. You may serve as a member of

other boards of for profit and not for profit entities provided that service on those boards does not conflict with the duties contemplated by this letter or create any actual or apparent conflict of interest with the Corporation and its affiliates.

4. During the period from June 1, 2004 until your retirement on February 1, 2005, you will maintain your primary office in your home and will be provided, on an as-needed basis, with part time administrative support and a visitor's office at the Corporation's headquarters in Bethesda, Maryland. In addition, you will be authorized for business travel as required from time to time. All business expenses and travel are subject to the Corporation's policies and practices and approval by Edward S. Taft, Senior Vice President, Human Resources.

5. During the period from June 1, 2004 until your retirement on February 1, 2005, you will continue to receive base pay at your current rate of $690,000 per year and will be entitled to continue to participate in the Corporation's health and welfare plans and savings plans in accordance with the terms and conditions of those plans. In addition, you will continue as a participant in the Corporation's stock option and long term incentive plans and will be eligible for retirement and pension benefits under the Corporation's retirement and pension plans in accordance with the terms and conditions of those plans. With regard to post-retirement benefits, you will be entitled to receive benefits under the post retirement life insurance, umbrella insurance and financial counseling arrangements sponsored by the Corporation based on and subject to the terms and conditions offered by the Corporation as of the date of your retirement.

6. For calendar year 2004, any annual bonus payable to you under the Corporation's Management Incentive Compensation Plan will be based on the following:

- your "personal rating" under the plan will be equal to your average personal rating under the plan for calendar years 2001, 2002 and 2003;
- the "corporate rating" under the plan will be the actual corporate rating determined by the Board of Directors under the plan for calendar year 2004; and
- if, based on the personal rating and corporate rating described above, you are entitled to a bonus for 2004, the bonus will be paid upon the expiration of the revocation period contemplated by the Release and Covenant not to Compete Agreement in the form attached to this letter as Addendum A (the "Release and Noncompete Agreement").

You will not be eligible to participate in the Management Incentive Compensation Plan or any other annual incentive compensation plan for calendar year 2005.

7. The Corporation has agreed to make a special termination payment to you in the amount of $345,000 following the execution by you of the Release and Noncompete Agreement, provided that the Release and Noncompete Agreement is executed by you no sooner than your last day of employment with the Corporation on January 31, 2005, is delivered by you to the Corporation (to the attention of the Senior Vice President, Human Resources) no later than February 7, 2005, and is not revoked by you prior to the revocation date specified in the Release and Noncompete Agreement.

8. Except for any payments to you under the Release and Noncompete Agreement in accordance with paragraph 7 above and the terms and conditions of the Release and Noncompete Agreement, you have agreed that you will not be entitled to and will not receive any severance or termination benefits in connection with your termination of employment with, or retirement from, the Corporation.

9. You acknowledge that throughout the duration of your employment with the Corporation, you have had access to and may have generated a substantial amount of information that is proprietary and confidential to the Corporation. Additionally, you may have had access to certain third-party proprietary information that had been provided in confidence to the Corporation. In consideration of your employment by the Corporation, you have undertaken an obligation, both during and following your employment, not to use or disclose to others, any Proprietary Information, except as authorized by the Corporation. "Proprietary Information" means any information of the Corporation or of others that has come into the Corporation's or your possession, custody or knowledge in the course of your employment that has independent economic value as a result of its not being generally known to the public and is the subject of reasonable means to preserve the confidentiality of the information. "Proprietary Information" includes but is not limited to information, whether written or otherwise, regarding the Corporation's earnings, expenses, marketing practices, cost estimates, forecasts, bid and proposal practices and data, financial data, trade secrets, products, procedures, inventions, systems or designs, manufacturing or research processes, material sources, equipment sources, customers and prospective customers, business plans, strategies, buying practices and procedures, prospective and executed contracts and other business arrangements or business prospects, except to the extent such information becomes readily available to the general public lawfully and without breach of a confidential, contractual, or fiduciary duty.

By signing below, you acknowledge and agree that you have a continuing obligation to not use or disclose Proprietary Information. Further, all materials to which you have had access, or which were furnished or otherwise made available to you in connection with the services performed for the Corporation shall be and remain the property of the Corporation. All such materials, documents and information, including any Proprietary Information and all copies thereof shall be returned by you promptly to the Corporation upon your retirement on Feburary 1, 2005.

The Corporation and you each acknowledge and agree that the provisions regarding confidentiality in this paragraph 9 shall not affect your obligation to cooperate with any U.S. government investigation or to respond truthfully to any lawful governmental inquiry or to give truthful testimony in court.

10. You acknowledge and agree that your right to receive the bonus contemplated by paragraph 6 above and your right to receive the payment under the

Release and Noncompete Agreement in accordance with paragraph 7 above are expressly subject to your compliance with the terms and conditions of this letter, the execution by you of the Release and Noncompete Agreement in accordance with paragraph 7 above, and the expiration of the revocation period under the Release and Noncompete Agreement without the exercise of your revocation right.

11. By signing below, you acknowledge that the Corporation may be required under applicable law to provide a copy of this letter and the Release and Noncompete Agreement to the Securities and Exchange Commission or to include a copy of this letter and the Release and Noncompete Agreement as an exhibit to the Corporation's periodic reports filed with the Securities and Exchange Commission. You hereby consent to any such disclosure of the terms and conditions of this letter and the Release and Noncompete Agreement and any other disclosure required by applicable law, rule or regulation.

12. Unless the context otherwise requires, references in this letter to the "Corporation" include Lockheed Martin Corporation and its affiliates, as well as predecessors and successors of Lockheed Martin Corporation and its affiliates.

13. This letter and the Release and Noncompete Agreement shall be governed by and interpreted in a manner consistent with the laws of the State of Maryland without reference to the principles of conflicts of law.

By signing below, you acknowledge that the Corporation has advised you to consult with a lawyer prior to signing this letter and that the letter accurately reflects our agreement to the terms and conditions of your termination of employment with the Corporation upon your retirement effective as of February 1, 2005.

Sincerely,

LOCKHEED MARTIN CORPORATION

By: /s/

Edward S. Taft
Senior Vice President, Human Resources

ACCEPTED AND AGREED TO
AS OF THE 11 DAY OF MAY 2004

/s/

Albert E. Smith

ADDENDUM A

Important Notice: You are advised to read this Release and Covenant Not To Compete Agreement carefully and to consult with a lawyer prior to signing it. To be eligible for any bonus payable to you under the Lockheed Martin Management Incentive Compensation Plan for 2004 and the special termination payment of $345,000, you must sign this Release no sooner than your last date of employment (January 31, 2005) and deliver the executed Release to Lockheed Martin Corporation (attention Senior Vice President, Human Resources) on or before February 7, 2005.

RELEASE AND COVENANT NOT TO COMPETE AGREEMENT

Lockheed Martin Corporation (the "Corporation") and I, Albert E. Smith, voluntarily enter into this Release and Covenant Not To Compete Agreement ("Agreement" or "Release") and agree as follows:

Benefits Payable. In consideration of the payment of a bonus for 2004 under the Corporation's Management Incentive Compensation Plan and the special termination payment and the other benefits provided to me (collectively, the "Special Termination Package"), as described in the letter agreement dated May 11, 2004, between the Corporation and me ("Letter"), the terms of which are incorporated herein by reference, on my own behalf and on behalf of my successors, assigns and representatives, I hereby irrevocably and unconditionally release any and all Claims, as described below, that I may now have against the Released Parties listed below. I agree that the Special Termination Package is greater in value than any benefit to which I am otherwise entitled.

Claims not Released. By this Release, I am not releasing any rights to benefits that I may be entitled to under any of the Corporation's retirement plans or programs or any of the Corporation's plans providing for post-retirement health and welfare benefits, or any rights to enforce the terms of the Letter or this Agreement.

Claims Released. Subject only to the exceptions noted in the previous paragraph, I agree to waive and fully release any and all claims of any nature whatsoever (known and unknown), promises, causes of action or similar rights of any type ("Claims") that I may now have or have had with respect to any of the Released Parties listed below. These Claims released include, but are not limited to, claims that in any way relate to my employment with the Corporation or the termination of that employment; any claims for monetary damages, wages, bonuses, commissions, unused sick pay; any claims to severance or similar benefits; any claims to expenses, attorneys' fees or other indemnities; or claims for other personal remedies or damages sought in any legal proceeding or charge filed with any court, federal, state or local agency either by me or by a person claiming to act on my behalf or in my interest.

ADDENDUM A

I understand that the Claims I am releasing might have arisen under many different local, state and federal statutes, regulations, case law and/or common law doctrines. By this Release, I specifically, but without limitation, agree to release all of the Released Parties from Claims under the following:

Antidiscrimination laws, such as Title VII of the Civil Rights Act of 1964, as amended, and Executive Order 11246 (which prohibit discrimination based on race, color, national origin, religion, or sex); Section 1981 of the Civil Rights Act of 1866 (which prohibits discrimination based on race or color); the Age Discrimination in Employment Act, including the Older Worker Benefit Protection Act, and Executive Order 11141 (which prohibit discrimination based upon age); the Americans with Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973 (which prohibit discrimination based upon disability); the Equal Pay Act (which prohibits paying men and women unequal pay for equal work); or any other local, state or federal statutes prohibiting discrimination or retaliation on these or any other grounds or otherwise governing the employment relationship.

Federal Employment laws, such as the WARN Act (which requires that advance notice be given of certain workforce reductions); the Employee Retirement Income Security Act of 1974 (which, among other things, protects employee benefits); Fair Labor Standards Act of 1938 (which regulates wage and hour matters); the Family and Medical Leave Act of 1993 (which requires employers to provide leave of absence under certain circumstances); and any other federal laws relating to employment, such as veterans' reemployment rights laws.

Other laws, such as federal, state, or local laws restricting an employer's right to terminate employees, or otherwise regulating employment; any federal, state, or local law enforcing express or implied employment contracts or covenants; any other federal, state or local laws providing relief for alleged wrongful discharge, physical or personal injury, emotional distress, fraud, negligent misrepresentation, defamation, invasion of privacy, violation of public policy and similar or related claims.

I warrant that I have not assigned or transferred any Claims described in this Release to any third parties.

Unknown claims. This release extends to all Claims that I may now have, even Claims unknown at this time, and to the extent applicable is an express waiver by me of the protection of Section 1542 of the Civil Code of California or any other similar provision under any other state's laws. Section 1542 of the Civil Code states:

"**A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known to him must have materially affected his settlement with the debtor**."

(For the purposes of this Release of Claims, I would be considered the "creditor" and the Corporation would be considered the "debtor").

ADDENDUM A

Released Parties. "Released Parties" includes the Corporation, its affiliates, subsidiaries, and related companies, partnerships, or joint ventures; and with respect to each of them, all predecessors and successors; and with respect to each entity, all past and present employees, directors, officers, shareholders, representatives, agents, attorneys, assigns, insurers and any other persons acting by, through or under, or in concert with any of the persons or entities listed in this paragraph.

Covenant Not To Compete. In exchange for the consideration described above and in the Letter, I hereby agree, among other things, during the three year period following the termination of my employment with the Corporation, I will not, on my own or in association with others, either be directly or indirectly employed by or engaged in or be associated with or tender advice or services as an employee, director, officer, advisor, partner, consultant or otherwise by or with a Competitor. During that three year period, I also agree not to interfere with, disrupt, or attempt to interfere with or disrupt the relationship, contractual or otherwise, between the Corporation and any customer, supplier or employee of the Corporation with whom I had contact with or responsibility for while I was employed by the Corporation. For purposes of this Agreement, "Competitor" shall mean The Boeing Company, General Dynamics Corporation, Northrop Grumman Corporation, the Raytheon Company, United Technologies Corporation, Honeywell International Inc. or any successor to all or part of the business of any such company as a result of a merger, reorganization, consolidation, spin-off, split-up, acquisition, divestiture, operation of law or similar transaction. Notwithstanding the foregoing, in the event that I am engaged as an employee, director, officer, advisor, partner, consultant or otherwise with an entity that at the time of such engagement is not affiliated with a Competitor and has not announced an intention or agreement to become affiliated with a Competitor, and subsequent to the date on which I become so engage the entity becomes an affiliate of or is acquired by a Competitor, I shall not be prohibited from continuing that engagement provided that the scope of my responsibilities may not be enlarged beyond the business of the entity with which I initially become so engaged.

I understand and agree that the duration and area for which these restrictions are to be effective are fair and reasonable in light of the consideration paid under this Agreement. I agree and acknowledge that these restrictions are reasonably required for the protection of the Corporation's legitimate business interests from unfair competition as a result of the high level executive and management positions I have held within the Corporation and my attendant access to and extensive knowledge of the Corporation's confidential and proprietary property and information, including trade secrets, customer and supplier relationships and good will.

I acknowledge that the Corporation's remedies at law may be inadequate to protect the Corporation against any actual or threatened breach of the provisions of this Covenant Not To Compete, and, therefore, without prejudice to any other rights and remedies otherwise available at law or in equity (including but not

limited to, an action for damages), the Corporation shall be entitled to the granting of injunctive relief in its favor without proof of actual damages or the posting of any bond or other security and to specific performance of any such provisions of this Covenant Not To Compete.

It is the desire and intent of the parties that the provisions of this Covenant Not to Compete shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular portion of this Covenant Not to Compete is adjudicated to be invalid or unenforceable, this Covenant Not to Compete shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable (or in the case of the duration of the restrictions imposed by this Covenant Not to Compete, the period of these restrictions shall be shortened to the period that is determined to be permissible), such deletion (or modification) to apply only with respect to the operation of this Covenant Not to Compete in the particular jurisdiction in which such adjudication is made.

Other provisions. The parties agree that this Release prohibits my ability to pursue any Released Claims or charges against the Released Parties seeking monetary relief or other remedies for myself and/or as a representative on behalf of others.

This Release does not affect my ability to cooperate with any future ethics, legal or other investigations or proceedings, whether conducted or initiated by the Corporation, a governmental agency or any other third party. I agree and covenant that I will, to the extent reasonably requested by the Corporation, cooperate with and serve in any capacity requested by the Corporation in any pending or future litigation or investigations in which the Corporation is a party and regarding which I, by virtue of my employment with the Corporation, have knowledge or information relevant to the litigation or investigation. I further agree and covenant that, in any such litigation or investigation, I will, without the necessity for a subpoena, provide in any jurisdiction in which the Corporation requests, truthful testimony relevant to the litigation or investigation.

A determination by a court or arbitrator that any provision of this Release is invalid, illegal or unenforceable shall not affect the validity, legality or enforceability of any other provision of this Release.

For the purposes of the Letter and the Release, the term “Corporation” includes Lockheed Martin Corporation and its affiliates as well as the predecessors and successors of Lockheed Martin Corporation and its affiliates.

This Release, together with the Letter, contains all of the representations and agreements between me and the Corporation relating to my termination of employment, and supersedes any prior agreements or representations between us as to the subjects covered herein. This Release may be modified, supplemented or superseded only in a written document signed by both parties.

ADDENDUM A

This Release shall be governed by and construed in accordance with the laws of the State of Maryland, without giving effect to the choice of law or conflict of law provisions thereof.

By signing below, in addition to releasing all Claims described herein, I acknowledge that:

a) I have been advised to consult with a lawyer prior to signing this Release.

b) I was given more than 21 days to review and consider the terms of this Release.

c) I understand that I must sign this Release no sooner than my last day of employment with the Corporation (which is January 31, 2005) and must deliver this signed Release to the Corporation in the care of the Senior Vice President, Human Resources, whose office is located at 6801 Rockledge Drive, Bethesda, Maryland 20817, so that it is received by the Corporation on or before the close of business on February 7, 2005.

d) I understand that I may revoke this Release within seven calendar days from the date of signing, in which case this Release shall be null and void and of no force and effect on the Corporation or me, and that this Release shall not become effective or enforceable until the revocation period has expired. I further understand and acknowledge that to be effective, the revocation must be in writing and either personally delivered, sent certified mail, return receipt requested, or overnight delivery service to the Corporation in the care of the Senior Vice President, Human Resources, whose office is located at 6801 Rockledge Drive, Bethesda, Maryland 20817 by 5:00 p.m. on or before the seventh calendar day after I sign this Release. If I revoke this Release on the last day of the revocation period (on the seventh calendar day after signing the Release), then I agree that I will fax the revocation notice to the Senior Vice President, Human Resources, at 301-897-6758 such that it is received by 5:00 p.m. on that day and will then follow up by sending the original revocation via certified mail or overnight delivery to the Senior Vice President, Human Resources, at the above address.

e) I have read this Release, and I am fully aware of the legal effects of the Release. I have chosen to execute the Release freely, without reliance upon any promises or representations made by the Corporation other than those contained or referenced in this Release.

f) I understand that I will receive any bonus for 2004 due me under the Corporation's Management Incentive Compensation Plan and the payment of $345,000 contemplated by the Letter and this Release in a lump sum, less applicable tax withholdings, within 10 days of the expiration of the seven-day revocation period, provided that I do not revoke this Release within the seven-day revocation period.

SIGNED this _____ day of _____ 2005.

Albert E. Smith

EXECUTED RELEASE RECEIVED BY LOCKHEED MARTIN CORPORATION ON

Date: _____

By: _____

Edward S. Taft
Senior Vice President, Human Resources

Exhibit 12

Lockheed Martin Corporation
Computation of Ratio of Earnings to Fixed Charges
For the Six Months Ended June 30, 2004
(In millions, except ratio)

Earnings	
Earnings from continuing operations before income taxes	$ 866
Interest expense	214
Losses (undistributed earnings) of 50% and less than 50% owned companies, net	(19)
Portion of rents representative of an interest factor	25
Amortization of debt premium and discount, net	(2)
Adjusted earnings from continuing operations before income taxes	$ 1,084
Fixed Charges	
Interest expense	$ 214
Portion of rents representative of an interest factor	25
Amortization of debt premium and discount, net	(2)
Capitalized interest	—
Total fixed charges	$ 237
Ratio of Earnings to Fixed Charges	4.6

Exhibit 15

Acknowledgement of Independent Registered Public Accounting Firm

July 30, 2004

Board of Directors
Lockheed Martin Corporation

We are aware of the incorporation by reference in the following Registration Statements of Lockheed Martin Corporation:

(1) Registration Statement Number 33-58067 on Form S-3, dated March 14, 1995;

(2) Registration Statement Numbers: 33-58073, 33-58075, 33-58077, 33-58079, 33-58081 and 33-58097 on Form S-8, each dated March 15, 1995;

(3) Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement (Form S-4 No. 33-57645), dated March 15, 1995;

(4) Registration Statement Number 33-63155 on Form S-8, dated October 3, 1995;

(5) Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement Number 33-58083, dated January 22, 1997;

(6) Registration Statement Numbers: 333-20117 and 333-20139 on Form S-8, each dated January 22, 1997;

(7) Registration Statement Number 333-27309 on Form S-8, dated May 16, 1997;

(8) Registration Statement Number 333-37069 on Form S-8, dated October 2, 1997;

(9) Registration Statement Number 333-40997 on Form S-8, dated November 25, 1997;

(10) Registration Statement Number 333-58069 on Form S-8, dated June 30, 1998;

(11) Registration Statement Number 333-69295 on Form S-8, dated December 18, 1998;

(12) Registration Statement Number 333-92197 on Form S-8, dated December 6, 1999;

(13) Registration Statement Number 333-92363 on Form S-8, dated December 8, 1999;

(14) Post-Effective Amendments No. 2 and 3 on Form S-8 to the Registration Statement Number 333-78279, each dated August 3, 2000;

(15) Registration Statement Number 333-43048 on Form S-3, dated August 4, 2000;

(16) Registration Statement Number 333-56926 on Form S-8, dated March 12, 2001;

(17) Registration Statement Number 333-84154 on Form S-8, dated March 12, 2002;

(18) Registration Statement Number 333-105118 on Form S-8, dated May 9, 2003;

(19) Post-Effective Amendment No. 1 to Registration Statement Number 333-108333 on Form S-3, dated January 13, 2004;

(20) Registration Statement Number 333-113769 on Form S-8, dated March 19, 2004;

(21) Registration Statement Number 333-113770 on Form S-8, dated March 19, 2004;

(22) Registration Statement Number 333-113771 on Form S-8, dated March 19, 2004;

(23) Registration Statement Number 333-113772 on Form S-8, dated March 19, 2004;

(24) Registration Statement Number 333-113773 on Form S-8, dated March 19, 2004;

(25) Registration Statement Number 333-108333 on Form S-3 dated May 7, 2004; and

(26) Registration Statement Number 333-115357 on Form S-8, dated May 10, 2004

of our report dated July 30, 2004, relating to the unaudited condensed consolidated interim financial statements of Lockheed Martin Corporation that is included in its Form 10-Q for the quarter ended June 30, 2004.

/s/ Ernst & Young LLP

McLean, Virginia
July 30, 2004

Exhibit 31.1

I, Vance D. Coffman, Chairman and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lockheed Martin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely

affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2004

/s/ Vance D. Coffman

Vance D. Coffman
Chairman and Chief Executive Officer

Exhibit 31.2

I, Christopher E. Kubasik, Senior Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lockheed Martin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely

affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2004

/s/ Christopher E. Kubasik

Christopher E. Kubasik
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Lockheed Martin Corporation (the "Corporation") on Form 10-Q for the period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vance D. Coffman, Chairman and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Corporation.

/s/ Vance D. Coffman

Vance D. Coffman
Chairman and Chief Executive Officer
August 4, 2004

A signed original of this written statement required by Section 906 has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Lockheed Martin Corporation (the "Corporation") on Form 10-Q for the period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher E. Kubasik, Senior Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Corporation.

/s/ Christopher E. Kubasik

Christopher E. Kubasik
Senior Vice President and Chief Financial Officer
August 4, 2004

A signed original of this written statement required by Section 906 has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.