UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of Earliest Event Reported) – November 20, 2012

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

Maryland	1-11437	52-1893632
(State or other jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

Not Applicable
(Former name or address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The Corporation previously disclosed that the Board of Directors had elected Marillyn A. Hewson to serve as the Corporation's President and Chief Operating Officer, effective November 9, 2012. The Board also elected Ms. Hewson as Chief Executive Officer and President effective January 1, 2013.

On November 20, 2012, following the recommendation of the Management Development and Compensation Committee ("Compensation Committee"), the Board of Directors approved an increase in Ms. Hewson's annual base salary from $700,000 to $1,100,000 and an increase in her target bonus percentage for an annual bonus under the Management Incentive Compensation Plan ("MICP") from 90% to 125%. Both changes are effective retroactive to November 9, 2012. The change in her MICP target applies only to the period during 2012 in which she serves as President and Chief Operating Officer. As a result, any MICP bonus awarded to her by the Board of Directors for 2012 service will be pro-rated, so that approximately ten months will be based on her prior target rate of 90% and approximately two months will be based on the new target rate of 125%. Consistent with the MICP plan terms, her bonus for 2012 will be calculated using the base salary in effect on December 1, 2012.

The Compensation Committee recommended and the Board approved the compensation changes in recognition of Ms. Hewson's promotion to President and Chief Operating Officer. The new base salary and target bonus percentage are at the same level as previously approved for Christopher E. Kubasik, the former President and Chief Operating Officer.

On November 20, 2012, following the recommendation of the Compensation Committee, the Board also approved a second increase in Ms. Hewson's base salary to $1,375,000 and an amendment of the MICP plan to designate a target bonus percentage of 175% for the position of Chief Executive Officer ("CEO") to be effective January 1, 2013, the date on which Ms. Hewson will become CEO and President. The Compensation Committee based its decision for her 2013 compensation on its pay philosophy that a newly promoted executive should be paid a base salary equal to 85% of the market rate for base salary (with market being the 50th percentile for comparable positions in our Comparator Group) and a MICP target equal to 100% of the market (or 50th percentile target percentage within our Comparator Group).

In her new positions, Ms. Hewson will be required to use a corporate jet for business and personal use and the Corporation will provide personal security (and a related tax gross-up) based on assessed risk to Ms. Hewson.

The Lockheed Martin Corporation 2006 Management Incentive Compensation Plan (Performance-Based) as amended effective January 1, 2013 is appended as Exhibit 99.1 to this report and is incorporated herein by reference.

During 2012, the Corporation disclosed that Mr. Stevens intended to step down at the end of the year as Chief Executive Officer but had indicated a willingness, subject to election by the Board of Directors and our stockholders, to remain Chairman of the Board through December 31, 2013. Following the resignation of Mr. Kubasik, who had been slated to become CEO at the beginning of 2013, the Board of Directors elected Mr. Stevens to serve as Executive Chairman, effective January 1, 2013. In addition, Mr. Stevens has agreed to remain an employee of the Corporation in the position of Strategic Advisor to the CEO through February 28, 2014, also reflecting an expansion of the transition role originally contemplated for him as an employee.

As Executive Chairman of the Board of Directors, Mr. Stevens will continue to lead the Board of Directors in its governance and oversight responsibilities with regard to the Corporation. Consistent with its historic policy of not providing board compensation to employee directors, Mr. Stevens will not receive director or chairman compensation for his services as Executive Chairman of the Board.

As Strategic Advisor to the CEO, Mr. Stevens will:

- Assist in the transition of management responsibilities over the day-to-day operation of the Corporation to Ms. Hewson, the new CEO, effective January 1, 2013;
- Provide counsel to Ms. Hewson on a variety of historic, strategic and policy issues;
- Support the transition of responsibilities for the management of the Corporation to Ms. Hewson by facilitating introductions and establishing relationships with customers, members of Congress, investors and other stakeholders;
- Represent the Corporation in a number of forums regarding issues facing the aerospace and defense industry such as the Aerospace Industries Association, National Defense Industries Association, American Institute of Aeronautics and Astronautics, Center for Strategic and International Studies, Royal Aeronautical Society and Council on Foreign Relations; and
- Perform other duties at the request of the Board or the CEO, including customer and Congressional outreach and strategic and talent development.

Following the recommendation of the Compensation Committee, on November 20, 2012, the Board approved a Transition Agreement pursuant to which Mr. Stevens will receive the following compensation for his services as Strategic Advisor to the CEO in 2013:

- Annual base salary of $1.8 million;
- Eligibility for an annual bonus under the MICP plan, with a target bonus of 150%;
- Payment, if any, earned under his 2011-2013 long term incentive performance (“LTIP”) grant; and
- Continued participation in employee benefit plans such as 401(k), pension, and insurance.

It is anticipated that the transition will be substantially completed in 2013 and that Mr. Stevens will play a more limited role in 2014. For January and February 2014, Mr. Stevens will receive for his services as Strategic Advisor:

- Salary of $100,000 per month or $200,000 in the aggregate;

- Payment, if any, earned under the 2012-2014 LTIP (prorated to reflect service for only 26 months of the three-year cycle); and
- Continued participation in employee benefit plans such as 401(k), pension, and insurance.

Mr. Stevens will not receive for his services in 2013 or 2014 any equity or LTIP grants in 2013 or 2014. Through February 28, 2014, he will continue to earn and vest in equity and LTIP grants made to him prior to December 31, 2012. In lieu of receiving equity grants for his service in 2013, the Corporation will pay him $2 million, contingent upon execution of a non-competition agreement pursuant to which Mr. Stevens will agree that, for the three-year period starting on the date of his retirement as Strategic Advisor, he will not accept employment from companies that the Corporation designates as competitors or interfere with, disrupt, or attempt to disrupt the relationship, contractual or otherwise, between the Corporation and any customer, supplier, or employee. The contemplated non-competition agreement will be for a longer period and apply to more companies than Mr. Stevens' existing non-competition agreements.

Through December 31, 2014, Mr. Stevens will be eligible for an executive physical, office equipment, connectivity, technical and administrative support, and business and professional subscriptions. The Compensation Committee will re-evaluate on an annual basis any continuation of these items after December 31, 2014. Mr. Stevens also will be authorized through December 31, 2014 to use a corporate jet for business and personal use. The Corporation also will provide Mr. Stevens with personal security through December 31, 2014 and thereafter based upon an assessment of the degree to which Mr. Stevens continues to be associated with the Corporation and the level of risk. To the extent that the personal security is taxable, the Corporation will provide a tax gross-up sufficient to make Mr. Stevens whole.

In determining the compensation for Mr. Stevens' service as Strategic Advisor for 2013 and 2014, the Compensation Committee considered a variety of factors and input from its independent consultant and concluded the level of compensation was appropriate. In particular, the Compensation Committee considered that:

- The services to be performed by Mr. Stevens as Strategic Advisor will provide value to the Corporation in the management transition and in maintaining ongoing relationships with customers, Congress, investors and other stakeholders;
- Mr. Stevens' expanded role in the transition of management of the Corporation will require a time commitment significantly beyond that normally associated with service as Chairman of the Board;
- Mr. Stevens is uniquely qualified to provide the services contemplated due to his knowledge of the Corporation and its customers, investors and other stakeholders;
- The compensation represents a reduction in compensation from prior years due to the decision to not provide long term incentive grants for 2013 or 2014 and instead provide a single $2 million payment contingent upon execution of a non-competition agreement;
- The compensation to be paid to Mr. Stevens is consistent with compensation paid by other companies in similar circumstances; and
- The fact that, as an employee director and chairman, he will not receive any compensation for his service on the Board of Directors.

The foregoing summary is qualified in its entirety by the terms and conditions set forth in the Lockheed Martin Corporation 2006 Management Incentive Compensation Plan (Performance-Based) as amended effective January 1, 2013, a copy of which is appended as Exhibit 99.1 to this report and is incorporated herein by reference and in the Transition Agreement, a copy of which is appended as Exhibit 99.2 to this report and which is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Lockheed Martin Corporation Management Incentive Compensation Plan (Performance-Based) As Amended Effective January 1, 2013
99.2	Transition Agreement between Lockheed Martin Corporation and Robert J. Stevens

SIGNATURE

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 hereunto duly authorized.

LOCKHEED MARTIN CORPORATION

By /s/ Marian S. Block

Marian S. Block

Vice President and Associate General Counsel

November 27, 2012

Exhibit Index

99.1	Lockheed Martin Corporation Management Incentive Compensation Plan (Performance-Based) As Amended Effective January 1, 2013
99.2	Transition Agreement between Lockheed Martin Corporation and Robert J. Stevens

Exhibit 99.1

LOCKHEED MARTIN CORPORATION

2006 MANAGEMENT INCENTIVE COMPENSATION PLAN
(Performance-Based)
As Amended Effective January 1, 2013

ARTICLE I

PURPOSE OF THE PLAN

This Plan is established to provide a further incentive to selected Employees to promote the success of Lockheed Martin Corporation by providing an opportunity to receive additional compensation for performance measured against individual and business unit goals. The Plan is intended to achieve the following:

1. Improve cost effectiveness.
2. Stimulate employees to work individually and as teams to meet objectives and goals consistent with enhancing shareholder value.
3. Facilitate the Company's ability to retain qualified employees and to attract top executive talent.
4. Establish performance goals within the meaning of Section 162(m) of the Internal Revenue Code.

ARTICLE II

STANDARD OF CONDUCT AND PERFORMANCE EXPECTATION

1. It is expected that the business and individual goals and objectives established for this Plan will be accomplished in accordance with the Company's policy on ethical conduct in business with the U.S. Government and all other customers. It is a prerequisite before any award can be considered that a Participant will have acted in accordance with the Lockheed Martin Corporation Code of Ethics and Business Conduct and fostered an atmosphere to encourage all employees acting under the Participants' supervision to perform their duties in accordance with the highest ethical standards. Ethical behavior is imperative. Thus, in achieving one's goals, the Participant's individual commitment and adherence to the Company's ethical standards will be considered paramount in determining awards under this Plan.
2. Plan Participants whose individual performance is determined to be unacceptable are not eligible to receive Incentive Compensation awards.

ARTICLE III

DEFINITIONS

1. ANNUAL SALARY – The regular base salary of a Participant during a fiscal year of the Company, determined by multiplying by 52 the Participant's weekly base salary rate effective during the first full pay period in December preceding the year of payment, but excluding any Incentive Compensation, commissions, over-time payments, payments under work-week plan, indirect payments, retroactive payments not affecting the base salary or applicable to the current year, and any other payments of compensation of any kind.
2. BOARD OF DIRECTORS – The Board of Directors of the Company.
3. CODE – The Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.
4. COMMITTEE – The Management Development & Compensation Committee of the Board of Directors as from time to time appointed or constituted by the Board of Directors.
5. COMPANY or CORPORATION – Lockheed Martin Corporation and those subsidiaries of which it owns directly or indirectly 50% or more of the voting stock or other equity.
6. CORPORATE SALARY BOARD – as defined in CPS-504, the corporate Senior Vice President Human Resources and the Chairman, President & Chief Executive Officer.
7. DISABILITY – Termination of employment as a result of becoming totally disabled as evidenced by commencement of benefits under the Company's long-term disability plan in which the Participant is enrolled (or, if not a participant in a Company-sponsored long-term disability plan, under circumstances which would result in the Participant becoming eligible for benefits using the standards set forth in the Company's plan).
8. ELECTED OFFICER- An Employee who has been elected as an officer by the Board of Directors.
9. EMPLOYEE – Any person who is employed by the Company and who is paid a salary as distinguished from an hourly wage. The term "Employee" includes only those individuals that the Company classifies on its payroll records as Employees and does not include consultants, independent contractors, leased employees, co-op students, interns, temporary or casual employees, individuals paid by a third party or other individuals not classified as an Employee by the Company. Notwithstanding the foregoing, the term "Employee" shall not include any employee who, during any part of such year, was represented by a collective bargaining agent.
10. INCENTIVE COMPENSATION – A payment made pursuant to this Plan.
11. INDIVIDUAL PERFORMANCE FACTORS – The performance factor assigned to a Participant as set forth in Section C of Exhibit A.

12. ORGANIZATIONAL PERFORMANCE FACTOR – The performance factor assigned to the Company, a Business Area or a Business Unit as set forth in Section D of Exhibit A.

13. PARTICIPANT – Any Employee selected to participate in the Plan in accordance with its terms.

14. PLAN – This 2006 Lockheed Martin Corporation Management Incentive Compensation Plan (Performance Based).

15. PLAN YEAR – A calendar year.

16. REQUIRED APPROVER – (a) the Committee in the case of the Chief Executive Officer; (ii) the Corporate Salary Board in the case of a vice president (whether appointed or elected); (iii) the relevant business area Executive Vice President in the case of a director level or lower level Employee working in a business area; (iv) the Elected Officer serving as the head of a corporate function in the case of all director level or lower level Employees assigned to that corporate function.

17. RESTRICTED EMPLOYEE – An Employee who either (i) is an Elected Officer, or (ii) at the time of a payment under this Plan, is the recipient of a Long Term Incentive Performance Award under the Lockheed Martin Corporation Amended and Restated 2003 Incentive Performance Award Plan with a performance period yet to be completed.

18. RETIREMENT – Retirement under the terms of a Company-sponsored pension plan or for Employees who do not participate in a pension plan, termination from employment with the Company following the attainment of age 55 and five years of service.

19. SUBCOMMITTEE – A subcommittee of the Committee, composed solely of two or more outside directors of the Company (within the meaning of Section 162(m) (4) (C)) or the entire Committee if all members of the Committee are outside directors.

20. TARGET LEVEL – The target levels specified in Section B of Exhibit A.

ARTICLE IV

ELIGIBILITY FOR PARTICIPATION

Those Employees who through their efforts are able to contribute significantly to the success of the Company in any given Plan Year will be considered eligible for selection for participation in the Plan with respect to that Plan Year. Participants are selected each Plan Year based on recommendations by the Required Approver, subject to the approval of the Chief Executive Officer. Those eligible shall include only those Employees considered by the Committee to be key Employees of the Company. No member of the Committee shall be eligible for participation in the Plan.

ARTICLE V

INCENTIVE COMPENSATION PAYMENTS

1. CALCULATION OF PAYMENTS — Incentive Compensation payments to Participants shall be calculated in accordance with the formula and procedures set forth in Exhibits A and B hereto. All such payments shall be in cash.

2. TARGETS – At the beginning of each Plan Year or in connection with an internal promotion or an employment offer made later in a Plan Year, the Required Approver, subject to review by the Chief Executive Officer, shall identify the Employees eligible for participation in the Plan for that Plan Year and designate a Target Level for each Employee so designated. Changes to previously approved target levels for Vice Presidents (whether elected or appointed) must be approved by the Corporate Salary Board, subject to approval by the Committee in the case of an elected vice president.

3. INDIVIDUAL PERFORMANCE FACTORS - Each Employee designated as eligible for participation for a particular Plan Year shall identify individual performance goals for that Plan Year on or before March 30 of that Plan Year (or within 30 days of designation as a Participant by the Required Approver or assumption of a new position with eligibility for participation in the Plan, whichever is later). As soon as practicable following the end of the Plan Year, the performance of each Participant is evaluated in the respective Business Area or corporate functional area in light of the individual's performance goals and assigned an Individual Performance Factor as provided for in Exhibit A, subject to approval by the Chief Executive Officer. The Individual Performance Factors for elected corporate officers, other than the Chief Executive Officer, shall be determined by the Chief Executive Officer as provided in Exhibit A, subject to approval by the Committee. The Individual Performance Factor(s) of the Chief Executive Officer of Lockheed Martin Corporation shall be determined by the Board of Directors. The Committee may, at the request of any member of the Committee, review the Individual Performance Factors of any other Participant or groups of Participants. The Committee may make adjustments to any such performance factors as it considers appropriate.

4. ORGANIZATIONAL PERFORMANCE FACTORS - The Chief Executive Officer (for the Company) and each Business Area Executive Vice President (for each Business Area and business unit) shall identify organizational performance goals for that Plan Year on or before March 30 of that Plan Year. The Chief Executive Officer shall review the Company and Business Area organizational performance goals with the Committee. Beginning at the end of the Plan Year, the Chief Executive Officer shall evaluate the performance of the Company and each Business Area in light of their respective organizational performance goals and determine the Company's and the Business Area Organizational Performance Factors, as provided for in Exhibit A, subject to the approval of the Committee. Each Business Area Executive Vice President shall evaluate the performance of each business unit within his or her business area in light of the business unit's organizational performance goals and establish Organizational Performance Factors for the business units within the respective business area as provided for in Exhibit A, subject to the approval of the Chief Executive Officer. The Committee may make adjustments to any Organizational Performance Factor as it considers appropriate.

5. APPROPRIATIONS TO THE PLAN.

A. To the extent that the aggregate of all proposed payments of Incentive Compensation to all Participants as determined by the application of the formula set forth in Exhibit A (subject to any adjustments made by the Committee under Paragraph 3 or 4 above or pursuant to Exhibit B) exceeds the amount determined by the Committee to be available for payment, all proposed payments of Incentive Compensation to Participants shall be reduced on a pro rata basis.

B. The Committee will recommend to the Board of Directors the authorization of the amount to be appropriated to the Plan by the Company for distribution to Participants and as computed pursuant to the provisions of this Paragraph 5. The Board of Directors may, notwithstanding any provision of the Plan, make adjustments to any proposed Incentive Compensation payment under the Plan, and subject to any such adjustments, the Board of Directors will appropriate to the Plan the amount as recommended by the Committee for distribution to the Participants; provided that, the Board of Directors may appropriate an amount which is less than the amount recommended by the Committee in which event all proposed payments of Incentive Compensation to Participants shall be reduced on a pro rata basis. Prior to the determination of the amount to be appropriated under the Plan for any Plan Year, the Board of Directors may authorize the Corporation to earmark funds or allocate funds to a separate account or trust, in either case for the purpose of making payments under the Plan.

7. METHOD OF PAYMENT - The amount determined for each Participant with respect to each Plan Year shall be paid to such Participant in cash not later than March 15 following the Plan Year or deferred at the direction of the Committee, but only to the extent permitted under Code Section 409A, until the Participant’s termination of employment. Notwithstanding the foregoing, Participants may also elect to defer payments to the extent provided in the Lockheed Martin Corporation Deferred Management Incentive Compensation Plan.

8. RIGHTS OF PARTICIPANTS - All payments are subject to the discretion of the Board of Directors. No Participant shall have any right to require the Board of Directors to make any appropriation to the Plan for any Plan Year, nor shall any Participant have any vested interest or property right in any share in any amounts which may be appropriated to the Plan.

9. AUTHORITY TO RECOVER PAYMENTS. The Board of Directors retains the authority to make retroactive adjustments to a payment made under the Plan on or after January 1, 2008 under the following circumstances:

A. If the Board of Directors determines, after consideration of all the facts and circumstances that the Board of Directors in its sole discretion considers relevant, that either (i) the intentional misconduct or gross negligence of a Restricted Employee, or (ii) the failure of a Restricted Employee to report another person’s intentional misconduct or gross negligence of which the Restricted Employee had knowledge, contributed to the Corporation having to restate all or a portion of its financial statements filed with the Securities and Exchange Commission, then the Board of Directors may to require the Restricted Employee repay to the Corporation the difference between the amount by which the payments or awards exceeded what the payment or award would have been based on the restated financial results, as determined by the Board of Directors;

B. If the Board of Directors, after consideration of all the facts and circumstances that the Board of Directors in its sole discretion considers relevant, determines that a Restricted Employee either (i) engaged in fraud, bribery or other illegal act, or (ii) the Restricted Employee's intentional misconduct or gross negligence (including the failure by the Restricted Employee to report the acts of another person of which the Restricted Employee had knowledge) contributed to another person's fraud, bribery or other illegal act, which in either case adversely impacted the Corporation's financial position or reputation, the Board of Directors may require the Restricted Employee to repay to the Corporation the value of any payment under this Plan as determined by the Board of Directors.

The Board of Directors may delegate its authority to make determinations under this Section to the Committee.

ARTICLE VI

ADMINISTRATION

The Plan shall be administered under the direction of the Committee. The Committee shall have the right to construe the Plan, to interpret any provision thereof, to make rules and regulations relating to the Plan, and to determine any factual question arising in connection with the Plan's operation after such investigation or hearing as the Committee may deem appropriate. Any decision made by the Committee under the provisions of this Article shall be conclusive and binding on all parties concerned. 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. The rights and obligations of the Committee under this Article VI shall be assumed by the Subcommittee in the case of Participants subject to Exhibit B.

ARTICLE VII

AMENDMENT OR TERMINATION OF PLAN

The Board of Directors shall have the right to terminate or amend this Plan at any time and to discontinue further appropriations thereto, provided that such termination or amendment shall not be made in a manner that would cause a Participant to include Incentive Compensation in gross income pursuant to Code Section 409A.

ARTICLE VIII

EFFECTIVE DATE

The Plan shall first be effective with respect to the operations of the Company for the Plan Year beginning January 1, 2006, contingent upon approval of Exhibit B by the Company's stockholders at its 2006 annual meeting. The Plan has been amended by the Management Development and Compensation Committee on November 20, 2012, to be effective January 1, 2013.

EXHIBIT A

CALCULATION OF MANAGEMENT INCENTIVE COMPENSATION PAYMENTS

A. AWARD FORMULA

1. Incentive Compensation payments will be calculated by multiplying the Participant's Annual Salary by the applicable Target Level of the Participant (determined in accordance with paragraph B below), and that result will then be multiplied by the Individual Performance Factor (as defined in C). The resulting award will be multiplied by the appropriate Organizational Performance Factor (as defined in D). Payments to Participants subject to Exhibit B shall be reduced to the extent required by Exhibit B.

2. Partial awards for Participants who terminate employment during a Plan Year may be recommended for consideration based on the following:

Termination Method	Incentive Compensation Award
Voluntary	May be considered for a pro-rated award if on active status December 1 of the Plan Year with a minimum of six (6) full months as an active Plan Participant during the Plan Year.
Lay Off	May be pro-rated based on the conditions of the case at the discretion of the Required Approver if the Participant has a minimum of six (6) full months as an active Plan Participant during the Plan Year.
Retirement/Disability/Death	May be considered for a pro-rated award in the event the Participant has (i) a minimum of six (6) full months as an active Participant during the Plan Year ; and (ii) the Participant terminates employment with the Company on account of Retirement, Disability, or death.

3. Pro-rated awards may be recommended for

   i. Employees who become Participants subsequent to the beginning of a Plan Year, and have a minimum of six (6) full months as active Participants during the Plan Year;

   ii. Employees who are on unpaid leave of absence for more than three (3) months and have a minimum of six (6) full months as an active Participant during the Plan Year; or

   iii. Employees who are scheduled to work less than full time (less than forty (40) hours per week) and have a minimum of six (6) full-time equivalent months as an active Participant during the Plan Year.

Any deviation from the six (6) month minimum is subject to approval by the Required Approver and the Corporate Salary Board.

4. Recommended awards for Participants whose Target Levels change during the Plan Year

   i. may be pro-rated (based on number of months at old versus new Target level), subject to the Required Approval

   ii. may be effective for the entire year based on the new Target Level if the new Target Level is approved prior to March 31st of the Plan Year; or

   iii. may be effective for the entire year based on the new Target Level if full-Plan Year application is approved by the Committee.

Any deviation is subject to approval by the Required Approver and/or the Corporate Salary Board as appropriate.

5. Any calculation of Incentive Compensation under this Exhibit A shall be subject to the provisions of the Plan and Exhibit B. In the event of any conflict between the terms or application of this Exhibit A and the Plan, the Plan shall prevail. In the event of any conflict between the terms of Exhibit A and Exhibit B, Exhibit B shall prevail.

B. TARGET LEVELS

Target Levels are based on the level of importance and responsibility of the position in the organization as determined by the Business Area Executive Vice President and/or major corporate function head subject to approval by the Executive Office.

Position	Target
Chief Executive Officer and President	175%
Executive Chairman and Strategic Advisor	150%
Chief Operating Officer	125%
Executive Vice President	90%
Senior Vice President	55% - 75%
Other Elected Officers	40% - 65%
Other Eligible Positions	15% - 60%

C. INDIVIDUAL PERFORMANCE FACTORS

Individual performance factors are normally in increments of 0.05 for ratings above .60 and will have the following definitions:

Factor	Definition
1.20 – 1.30	Performance vastly superior to expectations and peers within the organization.
1.05 – 1.15	Consistently exceeds expected performance.
1.00	Consistently meets all requirements and expectations.
0.80 - 0.95	Performance meets most, but not all job requirements and expectations.
0.60 - 0.75	Performance meets some objectives, but overall performance below expected levels.
0.0	Performance fails to meet job requirements.

D. ORGANIZATIONAL PERFORMANCE FACTORS

l. The Organizational Performance Factor will depend on the assessment of the quality of performance by each business unit, or the Corporation (in the case of corporate staff) in accomplishing the organizational performance objectives based on the following schedule:

Factor	Performance Standard
1.50	Far exceeded organizational objectives in all categories.
1.30	On balance, exceeded high performance expectations in most categories.
1.00	Achieved all objectives or on balance met high performance expectations.
0.75	Met most objectives. Overall performance was good, but not as high as possible or expected.
0.50	Met few objectives, but overall performance not as good as possible or expected.
0.0	Did not achieve sufficient overall performance level.

2. Intermediate organizational ratings, as deemed appropriate by the Executive Office for results achieved, may be assigned normally in increments of 0.05 for ratings above 0.50.

3. Weighting of organizational performance between business unit and corporate factors may be applied, as deemed appropriate by the Executive Office.

EXHIBIT B

PERFORMANCE BASED AWARDS

A. INCENTIVE COMPENSATION FOR ELECTED OFFICERS.

Notwithstanding any provision of the Plan to the contrary, Incentive Compensation awards made to an Elected Officers shall be subject to the terms of this Exhibit B. The terms of Exhibit B were approved by the stockholders of Lockheed Martin Corporation at its 2006 Annual Meeting.

B. IDENTIFICATION OF THE ELECTED OFFICERS.

The eligible class of Participants subject to Exhibit B is those Participants who are Elected Officers on the last day of the Plan Year.

C. LIMITATION OF INCENTIVE COMPENSATION.

Notwithstanding any other provision of this Plan to the contrary, the Incentive Compensation payable under the Plan to (i) the Elected Officer who is the Chief Executive Officer shall not exceed 0.3% of Cash Flow for the Plan Year; and (ii) each of the Participants who are Elected Officers on the last day of the Plan Year, other than the Chief Executive Officer, shall not exceed 0.2% of Cash Flow for the Plan Year. The Subcommittee shall have discretion to determine the conditions, restrictions or other limitations, in accordance with and subject to the terms of this Plan and Code Section 162(m), on the payment of Incentive Compensation to the Elected Officers. The Subcommittee may reserve the right to reduce the amount payable under this paragraph C in accordance with any standards contained in this Plan (including Exhibit A) or on any other basis (including the Subcommittee’s discretion). Neither the Subcommittee or the Committee, nor the Board of Directors shall have the authority under this Plan to increase the amount payable under this paragraph C.

D. SUBCOMMITTEE CERTIFICATION.

Before authorizing any Incentive Compensation payment under this Plan to a Participant who is an Elected Officer, the Subcommittee must certify in writing (by resolution or otherwise) that the payments are consistent with paragraph C of this Exhibit B and that any other material terms under this Plan for payment of a bonus were satisfied.

E. DEFINITIONS.

For purposes of this Exhibit B,

(i) “Cash Flow” means net cash flow from operations as determined by the Subcommittee at the end of the Plan Year in accordance with generally accepted accounting principles in the United States. Cash Flow shall be determined by the Subcommittee based upon the comparable numbers reported on the Corporation’s audited consolidated financial statements or, if audited financial statements are not available for the period for which Cash Flow is being determined, the Subcommittee shall determine Cash Flow in a manner consistent with the historical practices used by the Corporation in determining net cash provided by operating activities as reported in its audited consolidated statement of cash flows. The Subcommittee shall have the right to specify any other adjustment that should be applied in determining Cash Flow that it deems necessary or appropriate to take into account any event recognized under any accounting policy or practice affecting the Corporation, provided the Subcommittee specifies the adjustment at or prior to the time the organizational performance goals for the Corporation are reviewed with the Subcommittee, but in no event later than March 30 of the Plan Year;

(ii) "Subcommittee" means a subcommittee of the Committee, composed solely of two or more outside directors of the Company (within the meaning of Code Section 162(m) (4) (C)) or the entire Committee if all members of the Committee are outside directors.

F. ADMINSTRATION.

The provisions of Exhibit B shall be interpreted and administered by the Subcommittee in a manner consistent with the requirements for "performance-based compensation" under Code Section 162(m).

TRANSITION AGREEMENT

WHEREAS, Robert J. Stevens ("Mr. Stevens"), after 25 years of service for Lockheed Martin Corporation ("LMC" or "Corporation") has announced that he will step down as LMC's Chief Executive Officer on December 31, 2012;

WHEREAS, Mr. Stevens has agreed to remain an employee in the position of Strategic Advisor through February 28, 2014 in order to assist in the transition to a new Chief Executive Officer, to represent the Corporation in a variety of forums, and to do such other tasks as may be requested by the Chief Executive Officer;

WHEREAS, Mr. Stevens is currently Chairman of the Board of Directors of the Corporation and subject to approval by the Board of Directors and election as a director by the stockholders at the April 2013 annual meeting, the Board of Directors has elected him to serve as Executive Chairman of the Board to further facilitate the transition from his leadership role with the Corporation;

WHEREAS, LMC believes that, in light of the significant management positions held by Mr. Stevens and his access to confidential information of the Corporation, it would serve the Corporation's interests to obtain an agreement from Mr. Stevens not to engage in activity in competition with the business of the Corporation;

WHEREAS, LMC has determined that it will provide to Mr. Stevens certain compensation and benefits in recognition of the contributions he has made and will continue to make to LMC's long-term success;

NOW THEREFORE, in consideration of the mutual promises contained within this Transition Agreement ("Agreement"), Mr. Stevens and LMC agree as follows:

1. Duties as Executive Chairman and Strategic Advisor: As Executive Chairman of the Board, Mr. Stevens will perform the functions assigned to the Chairman of the Board through December 31, 2013 under the Corporation's Bylaws. In addition, from January 1, 2013 through February 28, 2014, Mr. Stevens will be an employee of the Corporation, with the title of "Strategic Advisor to the Chief Executive Officer." As Strategic Advisor, he will report to the Chief Executive Officer on all matters and will have the following specific duties: (i) assist in the transition of responsibilities over the day-to-day operation of the Corporation to the new Chief Executive Officer; (ii) provide counsel to the Chief Executive Officer on historic, strategic and policy issues; (iii) support the transition of responsibilities for the management of the Corporation by facilitating introductions and establishing relationships with customers, members of Congress, investors and other stakeholders; (iv) represent the Corporation in a number of forums regarding issues facing the aerospace and defense industry; and (v) perform other duties at the request of the Chief Executive Officer and the Board of Directors, including customer and Congressional outreach and strategic and talent development.

2. Covenants of Mr. Stevens: Mr. Stevens agrees as follows:

Covenant Not to Compete: Mr. Stevens agrees that he will enter into an agreement ("Non-competition Agreement") with the Corporation effective upon the date of his retirement as an employee of the Corporation pursuant to which he will agree that for the three year-period following the effective date of Mr. Stevens' retirement from LMC, Mr. Stevens 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, limited liability company, venture or other business entity (whether or not for profit) considered to be a Competitor of LMC. The Non-competition Agreement will also provide that during that three-year period, Mr. Stevens will agree 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 the Non-competition Agreement, the term "Competitor" will mean those companies that the Corporation designates as competitors but will include, at a minimum, the companies included within the S&P Aerospace and Defense Index as well as BAE plc, European Aeronautic Defence and Space Company N.V. (EADS), SAIC, Inc., Exelis, Inc., Huntington Ingalls Industries, Inc., any subsidiary of such company, 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. Mr. Stevens agrees that the Non-competition Agreement is in addition to any other non-competition agreement in effect currently or at the time of execution of the Non-competition Agreement.

3. Covenants of LMC: LMC agrees as follows:

(a) **Covenant to Provide Security and Office Support:** LMC will continue to provide monthly security services to Mr. Stevens during his tenure as Strategic Advisor and after March 1, 2014, dependent upon his relationship with the Corporation and level of potential threat to be reviewed on an as-needed basis, not less than annually, by the Classified Business and Security Committee of the Board of Directors. LMC will provide equipment, subscriptions, connectivity, technical, and administrative support until December 31, 2014, subject to annual reconsideration thereafter by the Management Development and Compensation Committee. To the extent that the personal security authorized under this Paragraph 3(a) is taxable to Mr. Stevens, LMC shall reimburse Mr. Stevens for all taxes (including any Federal, state, and local income taxes, employment taxes, excise taxes, and any interest or penalties imposed with respect to such taxes as a result of action or inaction by LMC) and an additional gross-up amount to make Mr. Stevens whole for the taxes on such reimbursement amount.

(b) **Covenant to Provide Use of Corporate Aircraft**: Until December 31, 2014, Mr. Stevens will continue to have access to the LMC corporate aircraft for business and personal use in accordance with LMC's policies for use of corporate aircraft. Income will be imputed 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.

(c) **Executive Physicals**: Until December 31, 2014, Mr. Stevens will continue to participate in Lockheed Martin's Executive Physical Program.

(d) **Professional Memberships**: Until December 31, 2014, Mr. Stevens will continue to be reimbursed for his participation in professional organizations.

(e) **Compensation**: For his services from January 1, 2013 through December 31, 2013 as Strategic Advisor, Mr. Stevens will receive a base salary at an annual rate of $1,800,000. The target under the Management Incentive Compensation Plan for his services as Strategic Advisor in 2013 will be 150%. For the period from January 1, 2014 through February 28, 2014, Mr. Stevens will receive a monthly salary of $100,000. In lieu of participation in long-term incentive programs for 2013 and 2014 and contingent upon execution of the Non-competition Agreement in a form satisfactory to the Corporation, Mr. Stevens will receive a lump sum payment of $2,000,000, payable on or about March 1, 2014, but no later than March 14, 2014. The Corporation shall not be obligated to make the $2,000,000 payment to Mr. Stevens unless he executes the Non-competition Agreement on or before March 1, 2014.

4. 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.

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

(e) **Section 409A**: It is the intent of the parties that the taxable payments and benefits under this Agreement constitute (i) a "short-term deferral," or (ii) reimbursements, medical benefits, or in-kind benefits payable under a separation pay plan for a limited period of time within the meaning of Section 409A of the Internal Revenue Code and related regulations and guidance issued thereunder. To the maximum extent permitted, this Agreement shall be interpreted in accordance with the foregoing sentence. With respect to any provision of this Agreement that provides for reimbursement of costs and expenses or in-kind benefits, the right to reimbursement or benefits shall not be exchanged for any other benefit, and the amount of expenses eligible for reimbursement (or in-kind benefits paid) in one year shall not affect amounts reimbursable or provided as in-kind benefits in any subsequent year. All expense reimbursements paid pursuant to this Agreement that are taxable income to Mr. Stevens shall in no event be paid later than the end of the calendar year next following the year in which Mr. Stevens incurs the expense. Each separately identified amount for which Mr. Stevens is eligible under this Agreement shall be treated as a separate payment or separate series of payments, as applicable.

(f) **Performance of Duties**. During his tenure as Strategic Advisor, Mr. Stevens shall perform his duties in his best judgment and in accordance with the policies, procedures and practices of the Corporation, including the Corporation’s Code of Ethics and Business Conduct. Compliance with this standard is consideration and a precondition for the payments to be made under this Agreement.