

**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549**FORM S-3**  
**REGISTRATION STATEMENT**  
*UNDER*  
**THE SECURITIES ACT OF 1933****LOCKHEED MARTIN CORPORATION**

(Exact name of Registrant as Specified in its Charter)

**Maryland**  
(State or Other Jurisdiction of  
Incorporation or Organization)52-1893632  
(I.R.S. Employer  
Identification No.)6801 Rockledge Drive  
Bethesda, Maryland 20817  
(301) 897-6000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

David A. Dedman  
Assistant General Counsel  
Lockheed Martin Corporation  
6801 Rockledge Drive  
Bethesda, Maryland 20817  
Telephone (301) 897-6000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

**Copies requested to:**Glenn C. Campbell  
King & Spalding LLP  
1730 Pennsylvania Ave., N.W.  
Washington, D.C. 20006  
(202) 737-0500**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. **CALCULATION OF REGISTRATION FEE (1)**

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Floating Rate Convertible Senior Debentures Due 2033	\$ 1,000,000,000	100%	\$ 1,000,000,000	\$ 80,900
Common Stock, par value \$1.00 per share	13,193,900	(2)	(2)	(3)

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(i) under the Securities Act, exclusive of accrued interest, if any.
- (2) The number of shares of Common Stock registered hereunder is based upon the maximum number of shares of Common Stock that are issuable upon conversion of the Debentures. Pursuant to Rule 416 of the Securities Act, such number of shares of Common Stock registered hereby shall include an indeterminate number of shares of Common Stock that may be issued in connection with a stock split, stock dividend, recapitalization or similar event.
- (3) Pursuant to Rule 457(i) under the Securities Act, there is no additional filing fee with respect to the shares of Common Stock issuable upon the conversion of the Debentures because no additional consideration will be received by the Registrant upon conversion of the Debentures.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 28, 2003

PROSPECTUS

[GRAPHIC APPEARS HERE]

**\$1,000,000,000**  
**Lockheed Martin Corporation**  
**Floating Rate Convertible Senior Debentures due 2033**

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We issued the debentures in a private placement on August 13, 2003. The initial purchasers resold the debentures to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). This prospectus will be used by the selling securityholders from time to time to resell their debentures and any common stock issuable upon conversion of their debentures. We will not receive any proceeds from the resale of the debentures or any of those shares.

The debentures bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 0.25%, which is initially 0.88688%; provided that such rate will never be less than 0% per annum. Regular interest will be payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, each an interest payment date, beginning November 15, 2003, until August 15, 2008. After August 15, 2008, we will not pay regular interest on the debentures prior to maturity. Instead, on August 15, 2033, the stated maturity date of the debentures, a holder will receive the accreted principal amount of a debenture, which will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield beginning on August 15, 2008. The yield will be reset quarterly to a rate equal to 3-month LIBOR minus 0.25% per annum; provided that such rate will never be less than 0% per annum.

We will pay contingent interest for each three-month interest period from and including each interest payment date to but excluding the next interest payment date, beginning with the three-month interest period commencing on August 15, 2008, if the average trading price of a debenture is above a specified level during the five trading day period ending on the second trading day immediately prior to such three-month interest period, as described in this prospectus. We will pay contingent interest on the interest payment date immediately following the applicable three-month interest period.

The debentures are convertible by holders into shares of our common stock at an initial conversion rate of 13.1939 shares of our common stock per \$1,000 original principal amount of debentures (subject to adjustment in certain events), which is equal to an initial conversion price of \$75.79 per share, under the following circumstances: (1) during any calendar quarter commencing prior to August 15, 2028 (and only during such calendar quarter), if the price of our common stock issuable upon conversion reaches a specified threshold during the previous calendar quarter, as described in this prospectus, (2) at any time after August 15, 2028 and prior to maturity, if the price of our common stock issuable upon conversion reaches a specified threshold on any day following August 15, 2028, as described in this prospectus, (3) subject to certain limitations, during the 5 business day period after any 5 consecutive trading day period in which the trading price per debenture for each day of that period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate of the debentures on each such day, (4) if we call the debentures for redemption, (5) upon the occurrence of specified corporate transactions described in this prospectus or (6) during any period in which the credit ratings assigned to the debentures are below the levels described in this prospectus. Upon conversion, we have the right to deliver, in lieu of common stock, cash or a combination of cash and common stock.

The debentures mature on August 15, 2033. We may redeem some or all of the debentures at any time on or after August 15, 2008 for a price in cash equal to 100% of the accreted principal amount of debentures to be redeemed plus any accrued and unpaid interest, including contingent interest and additional interest, if any, to, but not including, the redemption date.

The debentures are unsecured and rank equally with all of our other existing and future unsecured and unsubordinated indebtedness. Holders have the right to require us to purchase the debentures at a purchase price in cash equal to 100% of the accreted principal amount of the debentures plus accrued and unpaid interest, including contingent interest and additional interest, if any, to,

[Table of Contents](#)

but not including, the purchase date, on August 15, 2008, August 15, 2013, August 15, 2018, August 15, 2023 and August 15, 2028 or upon a fundamental change, as described in this prospectus.

We and each holder agreed in the indenture to treat the debentures as indebtedness for U.S. federal income tax purposes that is subject to the special regulations governing contingent payment debt instruments. See “Material United States Federal Income Tax Considerations” beginning on page 34. For a more detailed description of the debentures, see “Description of the Debentures” beginning on page 12.

The debentures have been designated for inclusion in The PORTAL<sup>®</sup> Market of the National Association of Securities Dealers, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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**Investing in the debentures involves risks. See “Risk Factors” beginning on page 5.**

\_\_\_ 2003

TABLE OF CONTENTS

<a href="#">Forward-Looking Information</a>	ii	<a href="#">Description of Capital Stock</a>	29
<a href="#">Where You Can Find More Information</a>	iii	<a href="#">Material United States Federal Income</a>	
<a href="#">Summary</a>	1	<a href="#">Tax Considerations</a>	34
<a href="#">Risk Factors</a>	5	<a href="#">Selling Securityholders</a>	40
<a href="#">Ratio of Earnings to Fixed Charges</a>	11	<a href="#">Plan of Distribution</a>	41
<a href="#">Use of Proceeds</a>	11	<a href="#">Legal Matters</a>	43
<a href="#">Description of the Debentures</a>	12	<a href="#">Independent Auditors</a>	43
<a href="#">Registration Rights</a>	28		

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The distribution of this prospectus and the offering and sale of the debentures or our common stock in certain jurisdictions may be restricted by law. This prospectus does not constitute an offer of, or an invitation to purchase, any of the debentures in any jurisdiction in which such offer or invitation would be unlawful.

This prospectus summarizes certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of what we discuss in this prospectus. In making an investment decision, you must rely on your own examination of us and the terms of the offering and the debentures or our common stock, including the merits and risks involved.

We are not, and the selling securityholders are not, making any representation to any purchaser of the debentures regarding the legality of an investment in the debentures by the purchaser under any applicable laws or regulations. You should consult your own attorney, accountant, business adviser and tax adviser for legal, tax, business and financial advice regarding an investment in the debentures.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the selling securityholders have not, authorized any person to provide you with different information or to make any representation not contained in, or incorporated by reference into, this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume the information contained in this prospectus is accurate after the date on the front cover of this prospectus or that the information contained in documents incorporated by reference is accurate after the respective dates of filing of the incorporated documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

The selling securityholders reserve the right to withdraw this offering of the debentures and our common stock at any time. The selling securityholders also reserve the right to reject any offer to purchase some or all of the debentures or common stock for any reason and to allot to any prospective investor less than the full amount of debentures sought by the investor.

## FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. Forward-looking information is based on projections and estimates, not historical information. Some statements in prospectus and the documents incorporated by reference herein are forward-looking and use words like “may,” “believe,” “expect,” “plan,” “anticipate,” “estimate” and other expressions. We also may provide oral or written forward-looking information in other materials we release to the public. Forward-looking information involves risks and uncertainties and reflects our best judgment based on then current information. Our financial condition and results of operations can be affected by inaccurate assumptions we make or by known or unknown risks and uncertainties. In addition, other factors may affect the accuracy of our forward-looking information. As a result, no forward-looking information can be guaranteed. Actual events and the results of operations may vary materially. While it is not possible to identify all factors, we continue to face many risks and uncertainties that could cause actual results to differ from our forward-looking statements, including the risks described in “Risk Factors” and in our Annual Report on Form 10-K for the year ended December 31, 2002 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003.

We do not assume any responsibility to publicly update any of our forward-looking statements regardless of whether factors change as a result of new information, future events or for any other reason. You should review any additional disclosures we make in our press releases and Forms 10-K, 10-Q and 8-K filed with the SEC.

## WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder, and accordingly file periodic reports, proxy and information statements and other information with the SEC. Materials we file with the SEC may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings are also available to the public over the Internet at the SEC's web site at [www.sec.gov](http://www.sec.gov). In addition, because our common stock is listed on the New York Stock Exchange, reports and other information concerning us can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Our SEC filings also are available free of charge from our web site at [www.lockheedmartin.com](http://www.lockheedmartin.com). Information contained on our web site or any other web site is not incorporated into this prospectus and does not constitute a part of this prospectus.

We are "incorporating by reference" into this prospectus certain information we file with the SEC, which means we are disclosing important information to you by referring you to those documents. The following documents we filed with the SEC are incorporated into this prospectus by reference:

- (1) our Annual Report on Form 10-K for the year ended December 31, 2002,
- (2) our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003 and
- (3) our Current Reports on Form 8-K filed January 16, 2003, June 10, 2003, June 27, 2003 (as amended by Form 8-K/A filed July 22, 2003), August 8, 2003 and August 26, 2003.
- (4) the description of our common stock, \$1.00 par value per share, contained in our Registration Statement on Form 8-B, filed with the Commission pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (as amended on Form 8-B/A filed on March 9, 1995), and any amendment or report filed for the purpose of updating such description.

All documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the shelf registration statement are also incorporated by reference in this prospectus. Information incorporated by reference is considered to be a part of this prospectus, and later information filed with the SEC prior to the termination of the offering will automatically update and supersede information in this prospectus and in our other filings with the SEC. Information we elect to furnish to but not file with the SEC in accordance with SEC rules and regulations is not incorporated into this prospectus and does not constitute part of this prospectus.

We will provide without charge upon written or oral request, a copy of any and all of the documents that have been or may be incorporated by reference, except that exhibits to such documents will not be provided unless they are specifically incorporated by reference into such documents. Requests for copies of any such document should be directed to:

Lockheed Martin Corporation  
6801 Rockledge Drive  
Bethesda, Maryland 20817  
Attention: Corporate Secretary  
Telephone: (301) 897-6000

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In this prospectus, "Lockheed Martin Corporation," "Lockheed Martin," "we," "us" and "our" refer to Lockheed Martin Corporation and its subsidiaries, unless the context requires or this prospectus states otherwise.

## SUMMARY

*The following summary should be read together with the information contained in other parts of this prospectus and the documents we incorporate by reference. You should carefully read this prospectus and the documents we incorporate by reference to fully understand the terms of the debentures as well as the tax and other considerations that are important to you in making a decision about whether to invest in the debentures and the common stock issuable upon their conversion.*

### ABOUT LOCKHEED MARTIN

#### General Description of Business

We principally research, design, develop, manufacture, integrate and operate advanced technology systems, products and services. We serve customers in domestic and international defense, civil and commercial markets, with our principal customers being agencies of the United States Government.

In 2002, approximately 80% of our net sales were made to the United States Government, either as a prime contractor or as a subcontractor. Approximately 14% of our net sales in 2002 were made to foreign governments (including foreign military sales). The remaining net sales in 2002 were made to commercial customers (mainly launch services, satellites and information technology services).

We operate in five principal business areas. Following is a brief description of the activities of each business area:

**Aeronautics**—Engaged in the design, research and development, systems integration, production and support of advanced military aircraft and related technologies. Its customers include the military services of the United States and allied countries throughout the world. Major products and programs include the F-16 multi-role fighter, F/A-22 air dominance and strike fighter, F-35 Joint Strike Fighter, Japanese F-2 combat aircraft, Korean T-50 advanced trainer, C-130 and C-130J tactical airlift aircraft, C-5 strategic airlift aircraft and support for the F-117 stealth fighter and special mission and reconnaissance aircraft (e.g., Big Safari modifications, the P-3 Orion, S-3 Viking and U-2).

**Electronic Systems**—Engaged in the design, development, integration and production of high performance systems for undersea, shipboard, land and airborne applications. Major product lines include missiles and fire control systems; air and theater missile defense systems; surface ship and submarine combat systems; anti-submarine and undersea warfare systems; avionics and ground combat vehicle integration; radars; platform integration services; homeland security systems; surveillance and reconnaissance systems; advanced aviation management, security and information technology solutions; simulation and training systems; and postal automation systems.

**Space Systems**—Engaged in the design, development, engineering and production of satellites, missile defense systems and launch services. The satellite product line includes both government and commercial satellites. Missile defense systems include airborne and missile defense technologies and fleet ballistic missiles. Launch services include launches on Titan IV, Atlas and Proton launch vehicles, and also include the Space Shuttle's external tank. In addition, the segment has investments in joint ventures that are principally engaged in businesses that complement and enhance other activities of the segment.

**Integrated Systems and Solutions**—Engaged in the design, development, integration and management of network-centric solutions supporting the intelligence, surveillance and reconnaissance activities of the U.S. Department of Defense and other federal agencies. Our focal point is providing an interconnected set of capabilities for gathering, processing, storing and delivery of on-demand information for mission management, modeling and simulation. The segment also includes the capabilities to develop, test and demonstrate advanced collaborative operational concepts with our customers.

**Technology Services**—Engaged in a wide array of information management, engineering, scientific and logistic services to federal agencies and other customers. Major product lines include complete life-cycle software support; information systems development; information assurance and enterprise integration for the U.S. Department of Defense and civil government agencies; aircraft and engine maintenance and modification services; management, operation, maintenance, training and logistics support for military, homeland security and civilian systems; launch, mission and analysis services for military, classified and commercial satellites; engineering, science and information services for NASA; and research, development, engineering and science in support of nuclear weapons stewardship and naval reactor programs.

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We are a Maryland corporation formed in March 1995 by combining the businesses of Lockheed Corporation and Martin Marietta Corporation. Our principal executive offices are located at 6801 Rockledge Drive, Bethesda, Maryland 20817, and our telephone number at that address is (301) 897-6000.

**SUMMARY OF THE OFFERING**

For a more complete description of the terms of the debentures and the common stock issuable upon conversion of the debentures, see “Description of the Debentures” and “Description of Capital Stock.”

Issuer	Lockheed Martin Corporation
Debentures	\$1,000,000,000 aggregate original principal amount of Floating Rate Convertible Senior Debentures due 2033.
Maturity	August 15, 2033
Payment at Maturity	On August 15, 2033, the stated maturity date of the debentures, a holder will receive the accreted principal amount per debenture, which will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until August 14, 2008 will be 0% per annum and beginning on August 15, 2008 will be reset quarterly to a rate of 3-month LIBOR minus 0.25% per annum. Regardless of the level of 3-month LIBOR, however, this yield will never be less than 0% per annum.
Interest	The debentures bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 0.25%, which is initially 0.88688%; provided that such rate will never be less than 0% per annum. Regular interest is payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, each an interest payment date, beginning November 15, 2003, until August 15, 2008. After August 15, 2008, we will not pay regular interest on the debentures prior to maturity. We will also pay contingent interest and additional interest on the debentures under the circumstances described in this prospectus.
Ranking	The debentures are unsecured and rank equally in right of payment with all of our other existing and future unsecured and unsubordinated indebtedness. The debentures are effectively subordinated to existing and future indebtedness and other liabilities of our subsidiaries and to any of our existing and future secured indebtedness.
Contingent Interest	We will make additional payments of interest, referred to in this prospectus as “contingent interest,” for any three-month interest period from and including each interest payment date to but excluding the next interest payment date, beginning with the three-month interest period commencing on August 15, 2008, if the average trading price of the debentures for the applicable five trading day reference period equals or exceeds 120% of the accreted principal amount of the debentures. We will pay contingent interest on the interest payment date immediately following the applicable three-month interest period. The amount of contingent interest payable per debenture in respect of any three-month interest period is equal to 0.125% of the average trading price of a debenture for the applicable five trading day reference period. The five trading day reference period means the five trading days ending on the second trading day immediately preceding the relevant three-month interest period. For more information about contingent interest, see “Description of the Debentures—Contingent Interest.”
Conversion Rights	Holder may convert their debentures into shares of our common stock under any of the following circumstances: <ol style="list-style-type: none"><li>(1) during any calendar quarter commencing prior to August 15, 2028 (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter, is greater than or equal to 130% of the applicable conversion price,</li><li>(2) at any time after August 15, 2028 and prior to maturity, if the last reported sale price of our common stock is greater than or equal to 130% of the applicable conversion price on any day after August 15, 2028,</li><li>(3) during the 5 business day period after any 5 consecutive trading days in which the trading price per debenture for each day of that period is less than 98% of the product of the last reported sale price of our common stock and the conversion rate of the debentures on each such day, provided</li></ol>



[Table of Contents](#)

that if the price of our common stock issuable upon conversion is between 100% and 130% of the conversion price, then holders are entitled to receive upon conversion only the value of the accreted principal amount of the debentures converted plus accrued and unpaid interest, including contingent interest and additional interest, if any,

(4) if the debentures have been called for redemption,

(5) upon the occurrence of specified corporate transactions described under “Description of the Debentures—Conversion Rights—Conditions to Conversion—Conversion Upon Specified Corporate Transactions” or

(6) during any period in which the credit rating assigned to the debentures by either Moody’s Investor Services and its successors (“Moody’s”) or Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. and its successors (“S&P”) is lower than Ba1 or BB+, respectively, or the debentures are no longer rated by at least one of S&P or Moody’s.

For each \$1,000 original principal amount of debentures surrendered for conversion, you will receive 13.1939 shares of our common stock. This represents an initial conversion price of \$75.79 per share of common stock. As described in this prospectus, the conversion rate may be adjusted for certain reasons, but it will not be adjusted for accrued and unpaid interest or for accretion of the principal amount of the debentures. Except as otherwise described in this prospectus, you will not receive any payment representing accrued and unpaid interest or accretion upon conversion of a debenture.

Upon conversion, we have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock. See “Description of the Debentures—Conversion Rights—Payment Upon Conversion.”

Debentures called for redemption may be surrendered for conversion prior to the close of business on the business day immediately preceding the redemption date.

Optional Redemption

Prior to August 15, 2008, the debentures are not redeemable. On or after August 15, 2008, we may redeem for cash all or part of the debentures at any time, upon not less than 20 nor more than 60 days’ notice before the redemption date, by mail to the trustee, the paying agent and each holder of debentures, for a price equal to 100% of the accreted principal amount of the debentures to be redeemed plus any accrued and unpaid interest, including contingent interest and additional interest, if any, to, but not including, the redemption date. See “Description of the Debentures—Optional Redemption.”

Purchase of Debentures by Us at the Option of the Holder

Holders have the right to require us to purchase all or any portion of their debentures for cash on August 15, 2008, August 15, 2013, August 15, 2018, August 15, 2023 and August 15, 2028. In each case, we will pay a purchase price equal to 100% of the accreted principal amount of the debentures to be purchased plus any accrued and unpaid interest, including contingent interest and additional interest, if any, to, but not including, such purchase date. See “Description of the Debentures—Purchase of Debentures by Us at the Option of the Holder.”

Fundamental Change

If we undergo a Fundamental Change (as defined under “Description of the Debentures—Fundamental Change Requires Purchase of Debentures by Us at the Option of the Holder”), holders have the right, at their option, to require us to purchase for cash all or any portion of their debentures. The cash price we are required to pay is equal to 100% of the accreted principal amount of the debentures to be purchased plus accrued and unpaid interest, including contingent interest and additional interest, if any, to, but not including, the Fundamental Change purchase date. See “Description of the Debentures—Fundamental Change Requires Purchase of Debentures by Us at the Option of the Holder.”

Use of Proceeds

We will not receive any proceeds from the sale by selling securityholders of the debentures or the shares of common stock issuable upon conversion of the debentures.

Trustee, Paying Agent and Conversion Agent

The Bank of New York.

[Table of Contents](#)

Risk Factors	You should consider carefully all of the information set forth and incorporated by reference in this prospectus and, in particular, you should evaluate the specific factors set forth under “Risk Factors” beginning on page 5, before deciding whether to invest in the debentures.
U.S. Federal Income Tax Considerations	Under the indenture governing the debentures we and each holder have agreed to treat the debentures as contingent payment debt instruments for U.S. federal income tax purposes. As a holder of debentures, you agree to accrue interest income on a constant yield to maturity basis at a rate comparable to the rate at which we would borrow in a noncontingent, nonconvertible, fixed rate borrowing (subject to certain adjustments). We have determined this rate to be 6.52%, compounded quarterly. It is likely that you will recognize taxable income in each year under the contingent payment debt regulations significantly in excess of interest payments (including contingent interest payments) actually received during that year. Additionally, you are generally required to recognize, as ordinary interest income, any gain realized on a sale, exchange, conversion, redemption or repurchase of the debentures. In the case of a conversion, this gain is measured by reference to the amount of cash and fair market value of stock received. A summary of the United States federal income tax considerations of ownership of the debentures and our common stock is described in this prospectus under the heading “Material United States Federal Income Tax Considerations.” Prospective investors should consult their own tax advisors as to the United States federal, state, local or other tax consequences of acquiring, owning and disposing of the debentures and our common stock.
Governing Law	The debentures are governed by, and construed in accordance with, the laws of the State of New York.
Book-Entry Form	The debentures were issued in book-entry form and are represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company (“DTC”) and registered in the name of a nominee of DTC. Beneficial interests in any of the debentures are shown on, and transfers are effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Trading	The debentures are not listed on any securities exchange or included in any automated quotation system. No assurance can be given as to the development or liquidity of any trading market for the debentures. Our common stock is listed on the New York Stock Exchange under the symbol “LMT.”

## RISK FACTORS

In considering whether to purchase the debentures or the common stock issuable upon conversion of the debentures, you should carefully consider the risks described below and the other information we have included or incorporated by reference in this prospectus.

### Risks Related to Our Business

#### *We rely heavily on sales to the U.S. Government.*

We derive approximately 80% of our revenue from sales to the U.S. Government. We expect that U.S. Government sales will be the primary source of our revenue for the foreseeable future. Our ability to compete successfully for and retain business is highly dependent on technical excellence, management proficiency, strategic alliances, cost-effective performance and the ability to recruit and retain key personnel. U.S. Government programs are subject to uncertain future funding levels, which can result in the extension or termination of programs. Our business is also highly sensitive to changes in national and international priorities and U.S. Government budgets. Events like Operation Iraqi Freedom, the continued war on terrorism and nuclear proliferation in North Korea may positively or adversely affect funding for our programs or result in changes in U.S. Government programs or spending priorities.

#### *Our U.S. Government contracts may be terminated at any time and may contain other unfavorable provisions.*

The U.S. Government typically can terminate or modify any of its contracts with us either for its convenience or if we default by failing to perform under the terms of the applicable contract. A termination arising out of our default could expose us to liability and have a material adverse effect on our ability to re-compete for future contracts and orders.

In addition, our U.S. Government contracts typically span one or more base years and multiple option years. U.S. Government agencies generally have the right to not exercise these option periods and may not exercise an option period if the agency is not satisfied with our performance of the contract. If any of our contracts are terminated by the U.S. Government, our backlog would be reduced by the expected value of the remaining terms of such contracts and our financial condition and operating results could be materially adversely affected. In addition, on those contracts for which we are teamed with others and are not the prime contractor, the U.S. Government could terminate a prime contract under which we are a subcontractor, irrespective of the quality of our services as a subcontractor.

In addition to unfavorable termination provisions, our U.S. Government contracts contain provisions that allow the U.S. Government to unilaterally suspend us from receiving new contracts pending resolution of alleged violations of procurement laws or regulations, reduce the value of existing contracts, issue modifications to a contract and control and potentially prohibit the export of our products, services and associated materials.

#### *As a U.S. Government contractor, we are subject to a number of procurement rules and regulations.*

We must comply with and are affected by laws and regulations relating to the formation, administration and performance of U.S. Government contracts. These laws and regulations, among other things:

- require certification and disclosure of all cost and pricing data in connection with contract negotiations,
- impose accounting rules that define allowable and unallowable costs and otherwise govern our right to reimbursement under certain cost-based U.S. Government contracts and
- restrict the use and dissemination of information classified for national security purposes and the exportation of certain products and technical data.

These laws and regulations affect how we do business with our customers, and in some instances, impose added costs on our business. A violation of specific laws and regulations could result in the imposition of fines and penalties or the termination of our contracts.

#### *Our business could be adversely affected by a negative audit by the U.S. Government.*

U.S. Government agencies such as the Defense Contract Audit Agency, or the DCAA, routinely audit and investigate government contractors. These agencies review a contractor's performance under its contracts, cost structure and compliance with applicable laws, regulations and standards. The DCAA also reviews the adequacy of, and a contractor's compliance with, its internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed, while such costs already reimbursed must be refunded. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business with the U.S. Government. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us.

***Developing new technologies entails significant risks and uncertainties.***

We are exposed to liabilities that are unique to the products and services we provide. A significant portion of our business relates to designing, developing and manufacturing advanced defense and technology systems and products. New technologies may be untested or unproven. Components of certain of the defense systems and products we develop are explosive and inherently dangerous. Failures of launch vehicles, spacecraft and satellites, missile systems, air-traffic control systems, train-control systems, homeland security applications, nuclear facilities and aircraft have the potential to cause loss of life and extensive property damage. We may face liabilities related to the maintenance or servicing of aircraft or other platforms or for training services we supply in the course of our business. In addition, from time-to-time, we have employees deployed on-site at active military installations or locations. In some, but not all, circumstances, we may receive indemnification from the U.S. Government. While we maintain insurance for certain risks, the amount of our insurance coverage may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs from an accident. It also is not possible to obtain insurance to protect against all operational risks and liabilities.

Substantial claims resulting from an accident in excess of Government indemnity and our insurance coverage could harm our financial condition and operating results. Moreover, any accident or incident for which we are liable, even if fully insured, could negatively affect our reputation among our customers and the public, thereby making it more difficult for us to compete effectively, and could significantly impact the cost and availability of adequate insurance in the future.

We have a continuing need for numerous skilled and professional personnel to meet contract schedules and obtain new and ongoing orders for our products. The demand for workers with specialized engineering and technical skills within the defense and aerospace industries is likely to remain high for the foreseeable future, while the pool of trained individuals with those skills has been declining. As a result, we will be competing with other companies with similar needs in hiring skilled employees and we may incur increased labor, recruiting or training costs so as to have access to the required skills.

***Cost over-runs on our contracts could subject us to losses or adversely affect our future business.***

Under fixed-price contracts, we receive a fixed price irrespective of the actual costs we incur, and consequently, any costs in excess of the fixed price are absorbed by us. Under time and materials contracts, we are paid for labor at negotiated hourly billing rates and for certain expenses. Under cost reimbursement contracts, which are subject to a contract-ceiling amount, we are reimbursed for allowable costs and paid a fee, which may be fixed or performance based. However, if our costs exceed the contract ceiling or are not allowable under the provisions of the contract or applicable regulations, we may not be able to obtain reimbursement for all such costs. Under each type of contract, if we are unable to control costs we incur in performing under the contract, our financial condition and operating results could be materially adversely affected. Cost over-runs also may adversely affect our ability to sustain existing programs and obtain future contract awards.

***Our earnings and margins may vary based on the mix of our contracts and programs.***

Our backlog includes both cost reimbursement and fixed-price contracts. Cost reimbursement contracts generally have lower profit margins than fixed-price contracts. Production contracts are mainly fixed-price contracts, and developmental contracts are generally cost reimbursement contracts. Our earnings and margins may vary materially depending on the types of long-term government contracts undertaken, the costs incurred in their performance, the achievement of other performance objectives and the stage of performance at which the right to receive fees, particularly under incentive and award fee contracts, is finally determined.

***If our subcontractors or suppliers fail to perform their contractual obligations, our prime contract performance and our ability to obtain future business could be materially and adversely impacted.***

Many of our contracts involve subcontracts with other companies upon which we rely to perform a portion of the services we must provide to our customers. There is a risk that we may have disputes with our subcontractors, including disputes regarding the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract or our hiring of personnel of a subcontractor. A failure by one or more of our subcontractors to satisfactorily provide on a timely basis the agreed-upon supplies or perform the agreed-upon services may materially and adversely impact our ability to perform our obligations as the prime contractor. Subcontractor performance deficiencies could result in a customer terminating our contract for default. A default termination could expose us to liability and have a material adverse effect on our ability to compete for future contracts and orders. In addition, a delay in our ability to obtain components and equipment parts from our suppliers may affect our ability to meet our customers' needs and may have an adverse effect upon our profitability.

***We use estimates in accounting for most programs. Changes in our estimates could adversely affect our future financial results.***

Contract and program accounting require judgment relative to assessing risks, estimating contract revenues and costs and making assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of total revenues and cost at completion is complicated and subject to many variables. Assumptions have to be made regarding the length of time to complete the contract because costs also include expected increases in wages and prices for materials. Incentives or penalties related to performance on contracts are considered in estimating sales and profit rates and are recorded when there is sufficient

## [Table of Contents](#)

information for us to assess anticipated performance. Estimates of award fees are also used in estimating sales and profit rates based on actual and anticipated awards.

Because of the significance of the judgments and estimation processes described above, it is likely that materially different amounts could be recorded if we used different assumptions or if the underlying circumstances were to change. Changes in underlying assumptions, circumstances or estimates may adversely affect future period financial performance.

### ***The level of returns on pension and retirement plan assets could affect our earnings in future periods.***

Our earnings may be positively or negatively impacted by the amount of income or expense we record for our employee benefit plans. This is particularly true with income or expense for our pension plans. An example of how changes in our assumptions related to employee benefit plans can affect our financial statements occurred in 2002 when we recorded an adjustment to reflect minimum pension liability that reduced our stockholders' equity by \$1.5 billion.

### ***Declines in the value of our equity investments may affect our future earnings or stockholders' equity.***

We have investments in equity securities of several companies. We review these investments each quarter to evaluate our ability to recover our investments. We record an impairment charge if the fair value of the investment has declined below our carrying value and that decline is viewed to be other than temporary. We estimate the fair values based on market prices when available and other valuation methods (e.g., discounted cash flow analyses, sum-of-the-parts valuations and trading multiples). In estimating fair value, we are required to exercise judgment. Changes in our assumptions could affect the fair value.

Many of our investments are concentrated in the satellite services and telecommunications industries. These industries continue to be adversely affected by the capital markets, excess satellite capacity and competition from other kinds of telecommunications services, including fiber optic cable and other wireless communication technologies. Realization of the value of our equity investments, or related equity earnings for a given period, may be affected by the ability of the companies to successfully execute their business plans, the availability of funding, industry considerations specific to each company's business, general economic conditions and other factors.

### ***International sales pose potentially greater risks.***

Our international business (mainly foreign military sales to various governments in Europe, Asia and the Middle East) tends to have more risk than our domestic business due to the greater potential for changes in foreign economic and political environments. Our business is also highly sensitive to changes in foreign national priorities and government budgets. International transactions frequently involve increased financial and legal risks arising from stringent contractual terms and conditions and the widely differing legal systems and customs in foreign countries. Our contracts, however, generally are denominated in U.S. dollars.

### ***Economic conditions and the outcome of legal proceedings could adversely affect our business.***

General economic conditions and trends can and do affect our businesses. Our business may be adversely affected by the outcome of legal proceedings and other contingencies, which cannot be predicted with certainty. For further discussion, see our Annual Report on Form 10-K for the year ended December 31, 2002, under the headings Legal Proceedings and Note 15—Commitments and Contingencies, and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003, under the headings Legal Proceedings and Note 5—Contingencies.

## **Risks Related to the Debentures**

***From time to time our stock price has been volatile and it may be volatile in the future. The price of our common stock, and therefore the price of the debentures, may fluctuate significantly, which may make it difficult for holders to resell the debentures or the shares of our common stock issuable upon conversion of the debentures when desired or at attractive prices.***

We expect our stock price to be subject to fluctuations as a result of a variety of factors, including factors beyond our control. These factors include:

- quarterly fluctuations in our operating and financial results,
- changes in financial estimates and recommendations by financial analysts,
- changes in the ratings of our debentures or other securities,
- developments related to litigation or regulatory proceedings involving us,
- fluctuations in the stock price and operating results of our competitors,
- dispositions, acquisitions and financings,

## [Table of Contents](#)

- changes in the budget priorities of the U.S. Government or in the overall level of defense spending by the U.S. Government and
- general conditions in the industries in which we operate.

In addition, the stock markets in general, including the New York Stock Exchange, recently have experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may affect adversely the market prices of our common stock. Because the debentures are convertible into shares of our common stock, volatility or depressed prices for our common stock could have a similar effect on the trading price of the debentures. Holders who receive common stock upon conversion also will be subject to the risk of volatility and depressed prices of our common stock.

***The trading prices for the debentures will be directly affected by the trading prices for our common stock, which are impossible to predict.***

We expect that the trading price of the debentures in the secondary market will be significantly affected by the trading price of our common stock, the general level of interest rates and our credit quality. This may result in greater volatility in the trading prices of the debentures than would be expected for nonconvertible debt securities.

It is impossible to predict whether the price of our common stock or interest rates will rise or fall. Trading prices of our common stock will be influenced by our operating results and prospects and by economic, financial, regulatory and other factors. In addition, general market conditions, including the level of, and fluctuations in, the trading prices of stocks generally, and sales of substantial amounts of common stock by us in the market after the offering of the debentures, or the perception that such sales may occur, could affect the price of our common stock.

The price of our common stock also could be affected by possible sales of our common stock by investors who view the debentures as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that we expect to develop involving our common stock as a result of the issuance of the debentures. The hedging or arbitrage could, in turn, affect the trading prices of the debentures.

***The conditional conversion feature of the debentures could result in you receiving less than the value of the common stock into which a debenture would otherwise be convertible.***

The debentures are convertible into shares of our common stock only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your debentures, and you may not be able to receive the value of the common stock into which the debentures would otherwise be convertible.

***Conversion of the debentures will dilute the ownership interest of existing stockholders, including holders who had previously converted their debentures.***

The conversion of some or all of the debentures will dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the debentures may encourage short selling by market participants because the conversion of the debentures could depress the price of our common stock.

***An active trading market may not develop for the debentures.***

The debentures and the common stock issuable upon conversion thereof have not been registered under the Securities Act or any state securities laws. Accordingly, the debentures and the common stock issuable upon conversion thereof may only be offered, transferred and resold pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws or pursuant to an effective registration statement.

The debentures are a new issue of securities with no established trading market and will not be listed on any securities exchange. Each of the initial purchasers has informed us that it intends to make a market in the debentures after this offering is completed. However, the initial purchasers are not obligated to do so and may cease their market-making at any time. In addition, such market-making activity will be subject to limits imposed by the Securities Act and the Exchange Act and may be limited during the pendency of the effectiveness of a shelf registration statement or any post-effective amendment. Although under the registration rights agreement we are required to use our reasonable best efforts to have the shelf registration statement declared effective by the SEC, we cannot assure you that an active trading market for the debentures will develop. If an active trading market does not develop, the market price and liquidity of the debentures may be adversely affected.

***We may not have the ability to raise the funds necessary to purchase the debentures upon a Fundamental Change or other purchase date, as required by the indenture governing the debentures.***

On August 15, 2008, August 15, 2013, August 15, 2018, August 15, 2023 and August 15, 2028, holders of the debentures may require us to purchase their debentures for cash. In addition, holders of the debentures also may require us to purchase their debentures upon a Fundamental Change as described under “Description of the Debentures—Fundamental Change Requires Purchase of Debentures by Us at the Option of the Holder.” A Fundamental Change also may constitute an event of default under, and result in the acceleration of the maturity of, our other indebtedness under another indenture or other indebtedness that we may incur in the future. We cannot assure you that we would have sufficient financial resources, or would be able to arrange financing, to pay the purchase price for the debentures tendered by holders. Failure by us to purchase the debentures when required will result in an event of default with respect to the debentures.

***You should consider the United States federal income tax considerations relating to owning the debentures.***

We and each holder have agreed in the indenture to treat the debentures as indebtedness for U.S. federal income tax purposes that is subject to the special regulations governing contingent payment debt instruments (which we refer to as the “Contingent Debt Regulations”). Under the Contingent Debt Regulations, you will be required to include amounts in income in advance of cash received in respect of a debenture and to accrue interest on a constant yield to maturity basis at a rate comparable to the rate at which we would borrow in a noncontingent, nonconvertible, fixed rate borrowing. We have determined this rate to be 6.52%, compounded quarterly. It is likely that you will recognize taxable income in each year under the Contingent Debt Regulations significantly in excess of cash received while the debentures are outstanding. In addition, you will recognize ordinary interest income upon a sale, exchange, conversion, redemption or repurchase of the debentures at a gain. In computing such gain, the amount realized by you will include, in the case of a conversion, the amount of cash and the fair market value of shares of our common stock received. To understand how this may affect you, you should seek advice from your own tax advisor prior to purchasing these debentures. Please read “Material United States Federal Income Tax Considerations” in this prospectus.

You may in certain situations be deemed to have received a distribution subject to U.S. federal income tax as a dividend in the event of any taxable distribution to holders of common stock or in certain other situations requiring a conversion rate adjustment. For non-U.S. holders (as defined) this deemed distribution may be subject to U.S. federal withholding requirements. See “Material United States Federal Income Tax Considerations.”

***The debentures will be effectively subordinated to existing and future indebtedness and other liabilities of our subsidiaries.***

Although we conduct most of our operations through Lockheed Martin Corporation, we derive certain of our revenues from, and hold some of our assets through, our subsidiaries. As a result, we may rely in part upon distributions and advances from our subsidiaries in order to assist us in meeting our payment obligations under the debentures and our other obligations. In general, these subsidiaries are separate and distinct legal entities and will have no obligation to pay any amounts due on our debt securities, including the debentures, or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or otherwise. Our right to receive any assets of any subsidiary in the event of a bankruptcy or liquidation of the subsidiary, and therefore the right of our creditors to participate in those assets, will be effectively subordinated to the claims of that subsidiary’s creditors, including trade creditors. In addition, even if we were a creditor of any subsidiary, our rights as a creditor would be subordinated to any indebtedness of that subsidiary senior to that held by us, including secured indebtedness to the extent of the assets securing such indebtedness.

***If you hold debentures, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.***

If you hold debentures, you are not entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you are subject to all changes affecting the common stock. You are only be entitled to rights on the common stock if and when we deliver shares of common stock to you upon conversion of your debentures. For example, in the event that an amendment is proposed to our Charter or Bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to your conversion of debentures, you are not entitled to vote on the amendment, although you are nevertheless subject to any changes in the powers, preferences or special rights of our common stock or other classes of capital stock.

***We may issue additional shares of common stock and thereby materially and adversely affect the price of our common stock.***

Except as described under “Plan of Distribution,” we are not restricted from issuing additional common stock during the life of the debentures and have no obligation to consider your interests for any reason. If we issue additional shares of common stock, it may materially and adversely affect the price of our common stock and, in turn, the price of the debentures.

***The conversion rate of the debentures may not be adjusted for all dilutive events.***

The conversion rate of the debentures is subject to adjustment for certain events, including but not limited to the issuance of stock dividends on our common stock, the issuance of rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, certain cash dividends and certain issuer tender or exchange offers as described under “Description of the Debentures—Conversion Rights—Conversion Rate Adjustments.” The conversion rate will not be adjusted for other events, such as a third party tender or exchange offer or an issuance of common stock for cash, that may adversely affect the trading price of the

debentures or the common stock. There can be no assurance that an event that adversely affects the value of the debentures, but does not result in an adjustment to the conversion rate, will not occur.

***The debentures do not restrict our ability to incur additional debt or to take other actions that could negatively impact holders of the debentures.***

We are not restricted under the terms of the indenture and the debentures from incurring additional indebtedness or securing indebtedness other than the debentures. In addition, the debentures do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt, secure existing or future debt and take a number of other actions that are not limited by the terms of the indenture and the debentures could have the effect of diminishing our ability to make payments on the debentures when due. In addition, we are not restricted from repurchasing subordinated indebtedness or common stock by the terms of the indenture and the debentures. If the initial purchasers exercise their option to purchase additional debentures, or if we issue other debt securities in the future, our debt service obligations will increase.

***We may issue preferred stock whose terms could adversely affect the voting power or value of our common stock.***

Our Charter authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such preferences, powers and relative, participating, optional and other rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock which the debentures are convertible into thereby adversely affecting the value of the debentures. For example, we might afford holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of our common stock which the debentures are convertible into, thereby adversely affecting the value of the debentures.

***Provisions of Maryland law and our Charter could delay or prevent a change in control of us, even if that change would be beneficial to our stockholders.***

We are incorporated under the laws of the State of Maryland. Maryland law and the provisions of our Charter impose some restrictions on mergers and other business combinations between us and holders of 10% or more of our outstanding common stock and, in some circumstances, holders of 5% or more of our common stock. In addition, Maryland law and our Charter authorize our board of directors to take certain actions that could delay or prevent a change in control of us, even if that change would be beneficial to our stockholders. Since the debentures are convertible into our common stock this could adversely affect the value of the debentures.



**RATIO OF EARNINGS TO FIXED CHARGES**

We have presented in the table below our historical consolidated ratio of earnings to fixed charges for the periods shown.

Six Months Ended June 30		Years Ended December 31				
2003	2002	2002	2001	2000	1999	1998
3.4	3.1	1.9	1.3	1.2	2.4	2.8

Our computation of the ratio of earnings to fixed charges includes our consolidated subsidiaries and companies in which we own at least 20% but less than 50% of the equity. "Earnings" are determined by adding "total fixed charges," excluding interest capitalized, to earnings from continuing operations before income taxes, eliminating equity in undistributed earnings and adding back losses of companies in which we own at least 20% but less than 50% of the equity. "Total fixed charges" consists of interest on all indebtedness, amortization of debt discount or premium, interest capitalized and an interest factor attributable to rents.

**USE OF PROCEEDS**

We will not receive any proceeds from the sale by the selling securityholders of the debentures or the shares of common stock issuable upon conversion of the debentures.

## DESCRIPTION OF THE DEBENTURES

The following description of the debentures is only a summary and is not intended to be comprehensive. For purposes of this “Description of the Debentures,” the terms “Lockheed Martin,” “we,” “our,” “ours” and “us” refer only to Lockheed Martin Corporation and not to any of our subsidiaries.

### General

We issued the debentures on August 13, 2003 under an indenture dated as of August 13, 2003, between us and The Bank of New York, as trustee.

The debentures are limited to \$1 billion in aggregate original principal amount. The debentures were issued in registered form without coupons only in denominations of \$1,000 original principal amount and integral multiples of \$1,000. We use the term “debenture” in this prospectus to refer to each \$1,000 original principal amount of debentures.

The debentures mature on August 15, 2033. On the maturity date of the debentures, a holder receives the accreted principal amount of a debenture. The accreted principal amount is equal to the original principal amount of \$1,000 per debenture increased by a variable yield, which until August 14, 2008 will be 0% per annum and commencing on August 15, 2008 is reset quarterly to a rate of 3-month LIBOR minus 0.25% per annum. Regardless of the level of 3-month LIBOR, however, this yield will never be less than 0% per annum. The principal amount of the debentures accretes daily beginning August 15, 2008 at the applicable yield. The rate of accretion is applied to the accreted principal amount per debenture as of the day preceding the most recent yield reset date.

The debentures bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus 0.25% (but never less than 0%) on the principal amount from August 13, 2003, or from the most recent date to which interest has been paid or provided for, until August 15, 2008. Interest is payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, each an interest payment date, beginning November 15, 2003, to the person in whose name a debenture is registered at the close of business on the February 1, May 1, August 1 or November 1, as the case may be, immediately preceding the relevant interest payment date, each of which we refer to as a record date. After August 15, 2008, we will not pay regular interest prior to maturity. If any date on which interest is payable is not a business day, we will pay interest on the next business day (without any interest or other payment due on the delay). Interest on the debentures is calculated on the basis of a 360-day year using the actual number of days elapsed during an interest period. If the maturity date or any redemption date or purchase date (including upon the occurrence of a Fundamental Change, as described below) for the debentures falls on a day that is not a business day, we will pay the interest and principal payable on the next business day (without any interest or other payment due on the delay). The term “business day,” when used with respect to any place of payment for the debentures, means a day other than a Saturday or a Sunday, a legal holiday or a day on which banking institutions or trust companies in that place of payment are authorized or obligated by law to close.

In addition, we will pay contingent interest and additional interest on the debentures under the circumstances described below under “—Contingent Interest” and “Registration Rights.”

Interest payments on the debentures include accrued interest from and including the date of issue or from and including the last date in respect of which interest has been paid, as the case may be, to, but excluding, the interest payment date or the date of maturity, as the case may be.

Holder may present debentures for conversion at the office of the conversion agent and may present debentures for exchange or for registration of transfer at the office or agency maintained by us for that purpose in the Borough of Manhattan, The City of New York. We do not charge a service charge for any exchange or registration of transfer of debentures. However, we may require payment of a sum sufficient to cover any tax or other governmental charge payable for the registration of transfer or exchange. The trustee serves as the initial conversion agent, paying agent and registrar for the debentures. At any time, we may designate additional paying agents. However, at all times we are required to maintain a paying agent for the debentures in the Borough of Manhattan, The City of New York.

Any monies deposited with the trustee or any paying agent or then held by us in trust for the payment of principal and interest (including contingent interest and additional interest, if any) on the debentures that remain unclaimed for two years after the date the payments became due and payable, shall, at our request, be repaid to us or released from trust, as applicable, and the holders of the debentures shall thereafter look, as a general unsecured creditor, only to us for payment thereof.

### 3-month LIBOR

Prior to August 15, 2008, the annual rate of regular interest payable on the debentures will be reset on each interest payment date, which we also refer to as a LIBOR reset date. Beginning on August 15, 2008, the yield on the debentures will be reset on each LIBOR reset date but no regular cash interest will be paid. If any LIBOR reset date would otherwise be a day that is not a business day, that LIBOR reset date will be postponed to the next succeeding business day, unless that business day falls in the next succeeding calendar month, in which case that LIBOR reset date will be the immediately preceding business day.

The trustee determine 3-month LIBOR on the second London banking day preceding the related LIBOR reset date, which we refer to as the LIBOR determination date.

“3-month LIBOR” means:

(a) the rate for three-month deposits in United States dollars commencing on the related LIBOR reset date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the LIBOR determination date,

(b) if no rate appears on the particular LIBOR determination date on the Moneyline Telerate Page 3750, the rate calculated by the trustee as the arithmetic mean of at least two offered quotations obtained by the trustee after requesting the principal London offices of each of four major reference banks in the London interbank market to provide the trustee with its offered quotation for deposits in United States dollars for the period of three months, commencing on the related LIBOR reset date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on that LIBOR determination date and in a principal amount that is representative for a single transaction in United States dollars in that market at that time,

(c) if fewer than two offered quotations referred to in clause (b) are provided as requested, the rate calculated by the trustee as the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York time, on the particular LIBOR determination date by three major banks in The City of New York selected by the trustee for loans in United States dollars to leading European banks for a period of three months, commencing on the related LIBOR reset date, and in a principal amount that is representative for a single transaction in United States dollars in that market at that time or

(d) if the banks so selected by the trustee are not quoting as mentioned in clause (c), 3-month LIBOR in effect on the preceding LIBOR determination date.

“Moneyline Telerate Page 3750” means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

“London banking day” means a day on which commercial banks are open for business, including dealings in United States dollars, in London.

“business day” means any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close; provided that such day is also a London banking day.

### Ranking

The debentures are our direct, unsecured and unsubordinated obligations. The debentures rank equally in right of payment with all of our other existing and future unsecured and unsubordinated indebtedness. In addition, the debentures effectively rank junior to any secured indebtedness that we may incur to the extent of the assets securing such indebtedness. We currently conduct substantially all of our operations through Lockheed Martin rather than our subsidiaries. To the extent we conduct operations, now or in the future, through subsidiaries, creditors of those subsidiaries, including trade creditors and secured creditors, generally have claims to the assets of those subsidiaries that are superior to the claims of our creditors, including holders of the debentures.

As of June 30, 2003, we had outstanding approximately \$6.1 billion of unsubordinated indebtedness ranking equally in right of payment with the debentures, \$10 million of which was secured, excluding indebtedness of subsidiaries. As of June 30, 2003, our subsidiaries had approximately \$149 million of indebtedness outstanding, \$13 million of which had been guaranteed by us. The indenture does not limit the amount of indebtedness we or our subsidiaries may incur.

### Contingent Interest

We will pay contingent interest to the holders of debentures for any three-month interest period from and including each interest payment date to but excluding the next interest payment date, beginning with the three-month interest period commencing August 15, 2008, if the average trading price per debenture for the applicable five trading day reference period equals or exceeds 120% of the accreted principal amount of the debentures as of the last day of such five trading day reference period. The five trading day reference period means the five trading days ending on the second trading day immediately preceding the relevant three-month interest period.

## [Table of Contents](#)

The amount of contingent interest payable per debenture in respect of any three-month interest period is equal to 0.125% of the average trading price per debenture for the applicable five trading day reference period.

The record date and payment date for contingent interest, if any, is the same as the regular record date and payment date for the quarterly interest payments on the debentures.

The “trading price” is as defined under “Conversion Rights—Conditions to Conversion—Conversion Upon Satisfaction of Trading Price Condition,” provided that if at least one required bid for the debentures is not obtained by the trustee, or in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the debentures, then the trading price of the debentures equals (a) the then applicable conversion rate of the debentures multiplied by (b) the average of the last reported sale prices of our common stock for the five trading days ending on the determination date of the trading price.

The “last reported sale price” of our common stock on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the bid and asked prices or, if more than one in either case, the average of the average bid and the average asked prices) on that date as reported in composite transactions for the principal U.S. securities exchange on which our common stock is traded or, if our common stock is not listed on a U.S. national or regional securities exchange, as reported by the Nasdaq National Market. The last reported sale price is determined without reference to after-hours or extended market trading. If our common stock is not listed for trading on a U.S. national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the “last reported sale price” is the last quoted bid for our common stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization. If our common stock is not so quoted, the “last reported sale price” is the average of the midpoint of the last bid and asked prices for our common stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose.

We will notify the holders of the debentures upon a determination that they will be entitled to receive contingent interest with respect to a quarterly interest period. In connection with providing such notice, we will issue a press release containing information regarding the contingent interest determination and publish the information on our web site.

### **Conversion Rights**

Subject to the conditions and during the periods and under the circumstances described below, holders may convert their debentures into shares of our common stock initially at a conversion rate of 13.1939 shares of common stock per debenture at any time prior to the close of business on August 15, 2033. The conversion price as of any date of determination is a dollar amount (initially \$75.79 per share of common stock) derived by dividing the accreted principal amount of a debenture on such date (which is \$1,000 until August 15, 2008) by the conversion rate in effect on such date. The conversion rate and the equivalent conversion price in effect at any given time are referred to as the “applicable conversion rate” and the “applicable conversion price,” respectively, and are subject to adjustment as described below. A holder may convert fewer than all of such holder’s debentures so long as the debentures converted are an integral multiple of \$1,000 original principal amount.

Upon conversion, we may choose to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock, as described below.

Except as otherwise described below, you will not receive any cash payment representing accrued and unpaid interest (including contingent interest, if any) upon conversion of a debenture and we will not adjust the conversion rate to account for the accrued and unpaid interest (including contingent interest, if any) or increases in the accreted principal amount of the debentures. Upon conversion we will deliver to you a fixed number of shares of our common stock or cash in lieu thereof, or a combination of the foregoing, and any cash payment to account for fractional shares (“conversion payment”). The cash payment for fractional shares is based on the last reported sale price of our common stock on the trading day immediately prior to the conversion date. Delivery of the conversion payment is deemed to satisfy in full our obligation to pay any accrued and unpaid interest on a debenture (including any contingent interest and any interest reflected in the accreted principal amount of the debenture), and no portion of any such accrued and unpaid interest will be canceled, extinguished or forfeited. The fair market value of the conversion payment is treated as a payment, to the extent thereof, first, in exchange for any such accrued and unpaid interest and second, in exchange for the original principal amount of the debenture.

If a holder converts debentures, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any shares of our common stock upon the conversion, unless the tax is due because the holder requests the shares to be issued or delivered to a person other than the holder, in which case the holder will pay that tax.

To convert your debenture you must do the following:

- complete and manually sign the notice of conversion on the back of the debenture or facsimile of the notice of conversion and deliver this notice to the conversion agent,
- surrender the debenture to the conversion agent,

## [Table of Contents](#)

- if required, furnish appropriate endorsements and transfer documents,
- if required, pay all transfer or similar taxes and
- if required, pay funds equal to interest payable on the next interest payment date.

If your interest is a beneficial interest in a global debenture, to convert you must comply with the last three requirements listed above and comply with the DTC's procedures for converting a beneficial interest in a global debenture. The conversion date is the date on which all of the foregoing requirements have been satisfied. The debentures are deemed to have been converted, and you are deemed a record holder of any shares of common stock deliverable upon conversion, immediately prior to the close of business on the conversion date. A certificate for the number of full shares of our common stock into which any debentures are converted, or cash in lieu thereof, or a combination of the foregoing, together with any cash payment for fractional shares, will be delivered through the conversion agent set forth below under "—Payment Upon Conversion."

If a holder has already delivered a purchase notice as described under either "—Purchase of Debentures by Us at the Option of the Holder" or "—Fundamental Change Requires Purchase of Debentures by Us at the Option of the Holder" with respect to a debenture, however, the holder may not surrender that debenture for conversion until the holder has withdrawn the purchase notice in accordance with the indenture.

Holders of debentures at the close of business on a regular record date receive payment of interest, including contingent interest, if any, payable on the corresponding interest payment date, notwithstanding the conversion of such debentures at any time after the close of business on such regular record date. Debentures surrendered for conversion by a holder during the period from the close of business on any regular record date to the opening of business on the immediately following interest payment date must be accompanied by payment of an amount equal to the interest, including contingent interest, if any, that the holder is to receive on the debentures; provided, however, that no such payment need be made if (1) we have specified a redemption date that is after a record date and on or prior to the immediately following interest payment date, (2) we have specified a purchase date following a Fundamental Change that is during such period or (3) any overdue interest (including overdue contingent interest, if any) exists at the time of conversion with respect to such debentures, to the extent of such overdue interest.

### **Payment Upon Conversion**

(1) *Conversion on or Prior to the Final Notice Date.* In the event that we receive your notice of conversion on or prior to the day that is 20 days prior to maturity or, with respect to debentures being redeemed, the applicable redemption date (the "final notice date"), the following procedures will apply:

If we choose to satisfy all or any portion of our obligation (the "conversion obligation") in cash, we will notify you through the trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the conversion obligation or as a fixed dollar amount) at any time on or before the date that is two business days following receipt of your notice of conversion ("cash settlement notice period"). If we timely elect to pay cash for any portion of the shares otherwise issuable to you, you may retract the conversion notice at any time during the two business day period beginning on the day after the final day of the cash settlement notice period ("conversion retraction period"); no such retraction can be made (and a conversion notice shall be irrevocable) if we do not elect to deliver cash in lieu of shares (other than cash in lieu of fractional shares). If the conversion notice has not been retracted, then settlement (in cash and/or shares) occurs on the business day following the final day of the 10 trading day period beginning on the day after the final day of the conversion retraction period (the "cash settlement averaging period"). Settlement amounts are computed as follows:

- If we elect to satisfy the entire conversion obligation in shares, we will deliver to you a number of shares equal to (1) the aggregate original principal amount of debentures to be converted divided by 1,000 multiplied by (2) the applicable conversion rate.
- If we elect to satisfy the entire conversion obligation in cash, we will deliver to you cash in an amount equal to the product of:
  - a number equal to (1) the aggregate original principal amount of debentures to be converted divided by 1,000 multiplied by (2) the conversion rate and
  - the average of the last reported sale prices of our common stock during the cash settlement averaging period.
- If we elect to satisfy a fixed portion (other than 100%) of the conversion obligation in cash, we will deliver to you such cash amount ("cash amount") and a number of shares equal to the greater of (1) zero and (2) the excess, if any, of the number of shares equal to (i) the aggregate original principal amount of debentures to be converted divided by 1,000, multiplied by (ii) the conversion rate, over the number of shares equal to the sum, for each day of the cash settlement averaging period, of (x) 10% of the cash amount, divided by (y) the last reported sale price of our common stock. In addition, we will pay cash for all fractional shares of common stock as described above.

## [Table of Contents](#)

(2) *Conversion after the Final Notice Date.* In the event that we receive your notice of conversion after the final notice date, we will not send individual notices of our election to satisfy all or any portion of the conversion obligation in cash. Instead, if we choose to satisfy all or any portion of the conversion obligation in cash, we will send a single notice to the trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the conversion obligation or as a fixed dollar amount) at any time on or before the final notice date. Settlement amounts are computed and settlement dates are determined in the same manner as set forth above under “—Conversion on or Prior to the Final Notice Date” except that the “cash settlement averaging period” shall be the 10 trading day period beginning on the day after receipt of your notice of conversion (or in the event we receive your notice of conversion on the business day prior to the maturity date, the 10 trading day period beginning on the day after the maturity date). Settlement (in cash and/or shares) will occur on the business day following the final day of such cash settlement averaging period.

“Trading day” means a day during which trading in securities generally occurs on the New York Stock Exchange or, if our common stock is not listed on the New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which our common stock is then listed or, if our common stock is not listed on a U.S. national or regional securities exchange, on the Nasdaq National Market or, if our common stock is not reported by the Nasdaq National Market, on the principal other market on which our common stock is then traded.

### **Conditions to Conversion**

Holders may surrender their debentures for conversion into shares of our common stock prior to stated maturity only under the circumstances described below. For a discussion of the federal income tax consequences of a conversion of the debentures into our common stock, see “Material United States Federal Income Tax Considerations.”

*Conversion Upon Satisfaction of Sale Price Condition.* A holder may surrender any of its debentures for conversion into shares of our common stock: (1) in any calendar quarter commencing prior to August 15, 2028 (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter is greater than or equal to 130% of the applicable conversion price as of the last day of such previous calendar quarter (initially 130% of \$75.79, or \$98.53, which we refer to as the conversion trigger price) and (2) at any time after August 15, 2028 and prior to maturity, if the last reported sale price of our common stock is greater than or equal the conversion trigger price on any day after August 15, 2028.

Because the applicable conversion price of a debenture at any time is dependent upon the accreted principal amount of a debenture at that time, the conversion trigger price for periods ending after August 15, 2008 cannot be determined at this time. The following table indicates what the conversion trigger prices would be at August 15 of each year beginning 2008, assuming 3-month LIBOR was a constant 2.00%, 5.00% and 8.00% from August 15, 2008. This table represents an example of only three possibilities and you should realize that because LIBOR and therefore the yield of the debentures will fluctuate, the base conversion price, and therefore the conversion trigger price, will differ, and may differ significantly, from the amounts shown below.

**Hypothetical Conversion Trigger Prices**

August 15,	Assuming 2.00% LIBOR		Assuming 5.00% LIBOR		Assuming 8.00% LIBOR	
	Applicable Conversion Price	Conversion Trigger Price	Applicable Conversion Price	Conversion Trigger Price	Applicable Conversion Price	Conversion Trigger Price
2008	\$ 75.79	\$ 98.53	\$ 75.79	\$ 98.53	\$ 75.79	\$ 98.53
2009	77.15	100.29	79.51	103.36	81.93	106.50
2010	78.52	102.08	83.41	108.43	88.56	115.12
2011	79.93	103.90	87.50	113.75	95.72	124.44
2012	81.36	105.77	91.80	119.34	103.49	134.54
2013	82.81	107.66	96.30	125.19	111.86	145.42
2014	84.29	109.58	101.02	131.33	120.92	157.19
2015	85.80	111.54	105.98	137.77	130.70	169.91
2016	87.33	113.53	111.19	144.55	141.31	183.70
2017	88.89	115.56	116.64	151.63	152.74	198.57
2018	90.48	117.62	122.36	159.07	165.10	214.63
2019	92.10	119.73	128.36	166.87	178.46	232.00
2020	93.75	121.87	134.67	175.08	192.95	250.83
2021	95.42	124.05	141.28	183.66	208.56	271.13
2022	97.13	126.26	148.21	192.67	225.44	293.07
2023	98.86	128.52	155.47	202.12	243.68	316.78
2024	100.63	130.82	163.12	212.05	263.45	342.49
2025	102.43	133.16	171.12	222.45	284.77	370.20
2026	104.26	135.53	179.51	233.36	307.82	400.16
2027	106.12	137.96	188.31	244.80	332.73	432.54
2028	108.02	140.43	197.57	256.84	359.73	467.64
2029	109.95	142.93	207.26	269.44	388.84	505.49
2030	111.91	145.49	217.42	282.65	420.30	546.39
2031	113.91	148.09	228.08	296.51	454.31	590.61
2032	115.95	150.74	239.30	311.09	491.18	638.54
2033	118.02	153.43	251.03	326.34	530.93	690.21

\* This table assumes no events have occurred that would require an adjustment to the conversion rate.

*Conversion Upon Satisfaction of Trading Price Condition.* A holder may surrender any of its debentures for conversion into shares of our common stock during the five business day period after any five consecutive trading day period in which the “trading price” per debenture, as determined following a request by a holder of debentures in accordance with the procedures described below, for each day of that period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate for each day during such period (the “98% Trading Exception”); provided that if, on the date of any conversion pursuant to the 98% Trading Exception, the last reported sale price of our common stock is between 100% and 130% of the applicable conversion price, then such holder will receive, in lieu of common stock based on the applicable conversion rate, cash, common stock or a combination of cash and common stock, at our option, with a value equal to the accreted principal amount of the debentures converted, plus accrued and unpaid interest, including contingent and additional interest, if any, to the conversion date, which we refer to as a “Principal Value Conversion.” If a holder surrenders debentures for conversion and it is a Principal Value Conversion, we will notify such holder by the second trading day following the conversion date whether we will pay all or a portion of the accreted principal amount plus accrued and unpaid interest, including contingent interest, if any, in cash, common stock or a combination of cash and common stock, and in what percentage. Any common stock delivered upon a Principal Value Conversion will be valued at the average of the last reported sale prices of our common stock for each of the five trading days commencing on the third trading day following the conversion date. We will pay you any portion of the accreted principal amount plus accrued and unpaid interest to be paid in cash and deliver common stock with respect to any portion of the accreted principal amount plus accrued and unpaid interest to be paid in common stock, no later than the fifth business day following the determination of the average last reported sale price as described in the preceding sentence.

The “trading price” of the debentures on any date of determination means the average of the secondary market bid quotations per debenture obtained by the trustee for \$10,000,000 original principal amount of the debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; provided that if three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the trustee, that one bid shall be used. If the trustee cannot reasonably

## Table of Contents

obtain at least one bid for \$10,000,000 original principal amount of the debentures from a nationally recognized securities dealer, or in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the debentures, then the trading price per debenture will be deemed to be less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate.

In connection with any conversion upon satisfaction of the above trading pricing condition, the trustee shall have no obligation to determine the trading price of the debentures unless we have requested such determination, and we shall have no obligation to make such request unless you provide us with reasonable evidence that the trading price per debenture would be less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate. At such time, we shall instruct the trustee to determine the trading price of the debentures beginning on the next trading day and on each successive trading day until the trading price per debenture is greater than or equal to 98% of the product of the last reported sale price of our common stock and the applicable conversion rate as of such trading day.

*Conversion Upon Redemption.* If we elect to redeem the debentures, holders may convert debentures into our common stock at any time prior to the close of business on the business day immediately preceding the redemption date, even if the debentures are not otherwise convertible at such time.

Conversion Upon Specified Corporate Transactions. If we elect to:

- distribute to all holders of our common stock certain rights or warrants entitling them to purchase, for a period expiring within 60 days after the date of the distribution, shares of our common stock at less than the last reported sale price of a share of our common stock on the trading day immediately preceding the declaration date of the distribution or
- distribute to all holders of our common stock our assets, debt securities or certain rights to purchase our securities, which distribution has a per share value as determined by our board of directors exceeding 5% of the last reported sale price of a share of our common stock on the trading day immediately preceding the declaration date for such distribution,

we must notify the holders of the debentures at least 20 business days prior to the ex-dividend time for such distribution. Once we have given such notice, holders may surrender their debentures for conversion at any time until the earlier of the close of business on the business day immediately prior to the ex-dividend time or our announcement that such distribution will not take place, even if the debentures are not otherwise convertible at such time; provided, however, that a holder may not exercise this right to convert if the holder may participate in the distribution without conversion. The “ex-dividend time” is the first date upon which a sale of the common stock does not automatically transfer the right to receive the relevant dividend from the seller of the common stock to its buyer.

In addition, if we are party to a consolidation, merger or binding share exchange pursuant to which our common stock would be converted into cash, securities or other property, a holder may surrender debentures for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual effective date of such transaction (or if such transaction constitutes a Fundamental Change, until the applicable Fundamental Change purchase date). If we engage in certain reclassifications of our common stock or are a party to a consolidation, merger, binding share exchange or transfer of all or substantially all of our assets pursuant to which our common stock is converted into cash, securities or other property, then at the effective time of the transaction, the right to convert a debenture into our common stock is changed into a right to convert a debenture into the kind and amount of cash, securities or other property that the holder would have received if the holder had converted its debentures immediately prior to the transaction. If the transaction also constitutes a Fundamental Change, as defined below, a holder can require us to purchase all or a portion of its debentures as described below under “—Fundamental Change Requires Purchase of Debentures by Us at the Option of the Holder.”

*Conversion Upon Credit Ratings Event.* A holder may convert debentures into our common stock during any period in which the credit rating assigned to the debentures by either Moody’s or S&P is lower than Ba1 or BB+, respectively, or the debentures are no longer rated by at least one of S&P or Moody’s.

### **Conversion Rate Adjustments**

The conversion rate is subject to adjustment, without duplication, upon the occurrence of any of the following events:

(1) the payment of dividends and other distributions on our common stock payable exclusively in shares of our common stock,

(2) the issuance to all holders of our common stock of rights or warrants that allow the holders to purchase shares of our common stock for a period expiring within 60 days from the date of issuance of the rights or warrants at less than the market price on the record date for the determination of shareholders entitled to receive the rights or warrants,



## [Table of Contents](#)

(3) subdivisions or combinations of our common stock,

(4) distributions to all holders of our common stock of our assets, debt securities, shares of our capital stock or rights or warrants to purchase our securities (excluding (A) any dividend, distribution or issuance covered by clause (1) or (2) above and (B) any dividend or distribution paid exclusively in cash), in which event the conversion rate is adjusted by multiplying:

- the conversion rate by
- a fraction, the numerator of which is the current market price of our common stock and the denominator of which is the current market price of our common stock minus the fair market value, as determined by our board of directors, except as described in the following paragraph, of the portion of those assets, debt securities, shares of capital stock or rights or warrants so distributed applicable to one share of common stock.

In the event that we make a distribution to all holders of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average of the closing sales prices of those securities for each of the 10 trading days commencing on and including the fifth trading day after the date on which “ex-distribution trading” commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted.

(5) distributions by us consisting exclusively of cash to all holders of our common stock, excluding any quarterly cash dividend on our common stock to the extent that the aggregate cash dividend per share of our common stock in any quarter does not exceed \$0.12 (the “dividend threshold amount”); the dividend threshold amount is subject to adjustment on the same basis as the conversion rate, provided that no adjustment will be made to the dividend threshold amount for any adjustment made to the conversion rate pursuant to this clause (5), in which event the conversion rate is adjusted by multiplying:

- the conversion rate by
- a fraction, the numerator of which will be the current market price of our common stock and the denominator of which will be the current market price of our common stock minus the amount per share of such dividend increase (as determined below) or distribution.

If an adjustment is required to be made under this clause (5) as a result of a distribution that is a quarterly dividend, the adjustment would be based upon the amount by which the distribution exceeds the dividend threshold amount (the dividend increase). If an adjustment is required to be made under this clause (5) as a result of a distribution that is not a quarterly dividend, the adjustment would be based upon the full amount of the distribution.

(6) a payment by us or one of our subsidiaries in respect of a tender offer or exchange offer for our common stock to the extent that the cash and value of any other consideration included in the payment per share of our common stock exceeds the last reported sale price of our common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, in which event the conversion rate will be adjusted by multiplying:

- the conversion rate by
- a fraction, the numerator of which is the sum of (x) the fair market value, as determined by our board of directors, of the aggregate consideration payable for all shares of our common stock we purchase in such tender or exchange offer and (y) the product of the number of shares of our common stock outstanding less any such purchased shares and the last reported sale price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer and the denominator of which is the product of the number of shares of our common stock outstanding, including any such purchased shares, and the last reported sale price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer.

Notwithstanding the foregoing, in the event of an adjustment pursuant to clauses (5) or (6) above, in no event will the conversion rate exceed 20.1207, subject to adjustment pursuant to clauses (1), (2), (3) and (4) above.

To the extent that we have a rights plan in effect upon conversion of the debentures into common stock, the holder receives, in addition to the common stock, the rights under the rights plan unless the rights have separated from the common stock prior to the time of conversion, in which case the conversion rate is to be adjusted at the time of separation as if we distributed to all holders of our common stock our assets, debt securities, shares of our capital stock or rights or warrants to purchase our securities as described in clause (4) above.

## [Table of Contents](#)

In addition to these adjustments, we may increase the conversion rate as our board of directors considers advisable to avoid or diminish any income tax to holders of our common stock or rights to purchase our common stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. We may also, from time to time, to the extent permitted by applicable law, increase the conversion rate by any amount for any period of at least 20 business days if our board of directors has determined that such increase would be in our best interests. If our board of directors makes such a determination, it will be conclusive. We will give holders of debentures at least 15 days' notice of such an increase in the conversion rate.

As used in this prospectus, "current market price" means the average of the last reported sale prices per share of our common stock for the 20 trading day period ending on the applicable date of determination (if the applicable date of determination is a trading day or, if not, then on the last trading day prior to the applicable date of determination), appropriately adjusted to take into account the occurrence, during the period commencing on the first of the trading days during the 20 trading day period and ending on the applicable date of determination, of any event that would result in an adjustment of the conversion rate under the indenture.

The applicable conversion rate is not adjusted:

- upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan,
- upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries,
- upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet and outstanding as of the date the debentures were first issued,
- for a change in the par value of the common stock or
- for accrued and unpaid interest, including contingent interest or additional interest, if any.

No adjustment in the applicable conversion rate is required unless the adjustment would require an increase or decrease of at least 1% of the applicable conversion rate. If the adjustment is not made because the adjustment does not change the applicable conversion rate by more than 1%, then the adjustment that is not made is carried forward and taken into account in any future adjustment.

In the event of:

- a taxable distribution to holders of shares of common stock which results in an adjustment of the conversion rate or
- an increase in the conversion rate at our discretion,

the holders of the debentures may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a dividend. In addition, non-U.S. holders of debentures in certain circumstances may be deemed to have received a distribution subject to U.S. federal withholding tax requirements. See "Material United States Federal Income Tax Considerations—U.S. Holders—Constructive Distributions" and "—Non-U.S. Holders—Constructive Dividends."

### **Optional Redemption**

No sinking fund is provided for the debentures. Prior to August 15, 2008, the debentures are not redeemable. On or after August 15, 2008, we may redeem for cash all or part of the debentures at any time, upon not less than 20 nor more than 60 days' notice before the redemption date by mail to the trustee, the paying agent and each holder of debentures, for a price equal to 100% of the accreted principal amount of the debentures to be redeemed plus any accrued and unpaid interest, including contingent interest and additional interest, if any, to the redemption date.

If we decide to redeem fewer than all of the outstanding debentures, the trustee selects the debentures to be redeemed (in original principal amounts of \$1,000 or integral multiples thereof) by lot, on a pro rata basis or by another method the trustee considers fair and appropriate.

If the trustee selects a portion of your debenture for partial redemption and you convert a portion of the same debenture, the converted portion is deemed to be from the portion selected for redemption.

In the event of any redemption in part, we are not required to issue, register the transfer of or exchange any debenture during a period of 15 days before the mailing of the redemption notice.

### **Purchase of Debentures by Us at the Option of the Holder**

Holders have the right to require us to purchase the debentures on August 15, 2008, August 15, 2013, August 15, 2018, August 15, 2023 and August 15, 2028 (each, a “purchase date”). Any debentures purchased by us on a purchase date will be paid for in cash. We are required to purchase any outstanding debentures for which a holder delivers a written purchase notice to the paying agent. This notice must be delivered during the period beginning at any time from the opening of business on the date that is 20 business days prior to the relevant purchase date until the close of business on the business day prior to the purchase date. If the purchase notice is given and withdrawn during such period, we are not obligated to purchase the related debentures. Our purchase obligation is subject to some additional conditions as described in the indenture. Also, as described in the “Risk Factors” section of this prospectus under the caption “Risks Related to the Debentures—We may not have the ability to raise the funds necessary to purchase the debentures upon a Fundamental Change or other purchase date, as required by the indenture governing the debentures,” we may not have funds sufficient to purchase the debentures when we are required to do so. Our failure to purchase the debentures when we are required to do so constitutes an event of default under the indenture with respect to the debentures.

The purchase price payable equals 100% of the accreted principal amount of the debentures to be purchased plus any accrued and unpaid interest, including contingent interest and additional interest, if any, to such purchase date. For a discussion of the United States federal income tax treatment of a holder receiving cash, see “Material United States Federal Income Tax Considerations.”

On or before the 20th business day prior to each purchase date, we will provide to the trustee, the paying agent and to all holders of the debentures at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, a notice stating, among other things:

- the purchase price,
- the name and address of the paying agent and the conversion agent,
- the conversion rate and any adjustments to the conversion rate,
- the debentures with respect to which a purchase notice has been given by the holder may be converted only if the holder withdraws the purchase notice in accordance with the terms of the indenture and
- the procedures that holders must follow to require us to purchase their debentures.

In connection with providing such notice, we will issue a press release and publish the information on our web site.

A notice electing to require us to purchase your debentures must state:

- if certificated debentures have been issued, the certificate numbers of the debentures,
- the portion of the original principal amount of debentures to be purchased, in integral multiples of \$1,000 and
- that the debentures are to be purchased by us pursuant to the applicable provisions of the debentures and the indenture.

If the debentures are not in certificated form, your notice must comply with appropriate DTC procedures.

We may not purchase any debentures at the option of holders if the accreted principal amount of the debentures has been accelerated, and such acceleration has not been rescinded.

You may withdraw any purchase notice in whole or in part by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the purchase date. The notice of withdrawal must state:

- the original principal amount of the withdrawn debentures,
- if certificated debentures have been issued, the certificate numbers of the withdrawn debentures and
- the original principal amount, if any, that remains subject to the purchase notice.

If the debentures are not in certificated form, your withdrawal notice must comply with appropriate DTC procedures.

You must either effect book-entry transfer or deliver the debentures, together with necessary endorsements, to the office of the paying agent after delivery of the purchase notice to receive payment of the purchase price. You will receive payment promptly following the later of the purchase date and the time of book-entry transfer or the delivery of the debentures. If the paying agent holds money or securities sufficient to pay the purchase price of the debentures on the business day following the purchase date, then:

## [Table of Contents](#)

- the debentures cease to be outstanding and interest, including contingent interest and additional interest, if any, and accretion of principal, ceases to accrue (whether or not book-entry transfer of the debentures is made or whether or not the debentures are delivered to the paying agent), and
- all other rights of the holder terminate (other than the right to receive the purchase price upon delivery or transfer of the debentures).

### **Fundamental Change Requires Purchase of Debentures by Us at the Option of the Holder**

If a Fundamental Change (as defined below in this section) occurs at any time prior to maturity, holders have the right, at their option, to require us to purchase any or all of their debentures for cash, or any portion of the original principal amount thereof, that is equal to \$1,000 or an integral multiple of \$1,000. The cash price we are required to pay is equal to the accreted principal amount of the debentures to be purchased plus accrued and unpaid interest, including contingent interest and additional interest, if any, to the Fundamental Change purchase date, unless such Fundamental Change purchase date falls after a record date and on or prior to the corresponding interest payment date, in which case we will pay the full amount of accrued and unpaid interest payable on such interest payment date to the holder of record at the close of business on the corresponding record date. For a discussion of the United States federal income tax treatment of a holder receiving cash, see “Material United States Federal Income Tax Considerations.”

A “Fundamental Change” is deemed to have occurred at any time after the debentures are originally issued that any of the following occurs:

(1) our common stock or other common stock into which the debentures are convertible is neither listed for trading on a United States national securities exchange nor approved for trading on the Nasdaq National Market or another established automated over-the-counter trading market in the United States,

(2) a “person” or “group” within the meaning of Section 13(d) of the Exchange Act other than us, our subsidiaries or our or their employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, of our common equity representing more than 50% of the voting power of our common equity entitled to vote generally in the election of directors,

(3) consummation of any share exchange, consolidation or merger of us pursuant to which our common stock is converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person other than us or one or more of our subsidiaries; provided, however, that a transaction where the holders of our common equity immediately prior to such transaction have directly or indirectly, more than 50% of the aggregate voting power of all classes of common equity of the continuing or surviving corporation or transferee entitled to vote generally in the election of directors immediately after such event shall not be a Fundamental Change or

(4) continuing directors (as defined below in this section) cease to constitute at least a majority of our board of directors.

A Fundamental Change is not deemed to have occurred in respect of any of the foregoing, however, if either:

(1) the last reported sale price of our common stock for any five trading days within the 10 consecutive trading days ending immediately before the later of the Fundamental Change or the public announcement thereof, equals or exceeds 105% of the applicable conversion price of the debentures in effect immediately before the Fundamental Change or the public announcement thereof or

(2) at least 90% of the consideration, excluding cash payments for fractional shares, in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a national securities exchange or reported by the Nasdaq National Market or which is so traded or quoted when issued or exchanged in connection with a Fundamental Change (these securities being referred to as “publicly traded securities”) and as a result of this transaction or transactions the debentures become convertible into such publicly traded securities, excluding cash payments for fractional shares.

For purposes of the above paragraph the term capital stock of any person means any and all shares, interests, participations or other equivalents however designated of corporate stock or other equity participations, including partnership interests, whether general or limited, of such person and any rights (other than debt securities convertible or exchangeable into an equity interest), warrants or options to acquire an equity interest in such person.

“Continuing director” means a director who either was a member of our board of directors on the date of this prospectus or who becomes a member of our board of directors subsequent to that date and whose appointment, election or nomination for election by our stockholders is duly approved by a majority of the continuing directors on our board of directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by us on behalf of the board of directors in which such individual is named as nominee for director.

## [Table of Contents](#)

On or before the 30th day after the occurrence of a Fundamental Change, we will provide to all holders of the debentures and the trustee and paying agent a notice of the occurrence of the Fundamental Change and of the resulting purchase right. Such notice shall state, among other things:

- the events causing a Fundamental Change,
- the date of the Fundamental Change,
- the last date on which a holder may exercise the purchase right,
- the Fundamental Change purchase price,
- the Fundamental Change purchase date,
- the name and address of the paying agent and the conversion agent,
- the conversion rate and any adjustments to the conversion rate,
- the debentures with respect to which a Fundamental Change purchase notice has been given by the holder may be converted only if the holder withdraws the Fundamental Change purchase notice in accordance with the terms of the indenture and
- the procedures that holders must follow to require us to purchase their debentures.

Simultaneously with providing such notice, we will issue a press release and publish the information on our web site.

To exercise the purchase right, holders must deliver, before the close of business on the business day immediately preceding the Fundamental Change purchase date, the debentures to be purchased, duly endorsed for transfer, together with the form entitled "Form of Fundamental Change Purchase Notice" duly completed, to the paying agent. Their purchase notice must state:

- if certificated, the certificate numbers of their debentures to be delivered for purchase,
- the portion of the original principal amount of debentures to be purchased, which must be \$1,000 or an integral multiple thereof and
- that the debentures are to be purchased by us pursuant to the applicable provisions of the debentures and the indenture.

If the debentures are not in certificated form, their purchase notice must comply with appropriate DTC procedures.

Holders may withdraw any purchase notice (in whole or in part) by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the Fundamental Change purchase date. The notice of withdrawal shall state:

- the original principal amount of the withdrawn debentures,
- if certificated debentures have been issued, the certificate numbers of the withdrawn debentures and
- the original principal amount, if any, that remains subject to the purchase notice.

If the debentures are not in certificated form, their withdrawal notice must comply with appropriate DTC procedures.

We are required to purchase the debentures no less than 20 and no more than 35 business days after the date of our notice of the occurrence of the relevant Fundamental Change, subject to extension to comply with applicable law. You must either effect book-entry transfer or deliver the debentures, together with necessary endorsements, to the office of the paying agent after delivery of the purchase notice to receive payment of the purchase price. Holders receive payment of the Fundamental Change purchase price promptly following the later of the Fundamental Change purchase date or the time of book-entry transfer or the delivery of the debentures. If the paying agent holds money or securities sufficient to pay the Fundamental Change purchase price of the debentures on the business day following the Fundamental Change purchase date, then:

- the debentures cease to be outstanding and interest, including contingent interest and additional interest, if any, and accretion of principal ceases to accrue (whether or not book-entry transfer of the debentures is made or whether or not the debenture is delivered to the paying agent), and
- all other rights of the holder terminate (other than the right to receive the Fundamental Change purchase price upon delivery or transfer of the debentures).

The rights of the holders to require us to purchase their debentures upon a Fundamental Change could discourage a potential acquirer of us. The Fundamental Change purchase feature, however, is not the result of management's knowledge of any specific effort to accumulate shares of our common stock, to obtain control of us by any means or part of a plan by management to adopt a

## [Table of Contents](#)

series of anti-takeover provisions. Instead, the Fundamental Change purchase feature is a standard term contained in other offerings of debt securities similar to the debentures that have been marketed by certain of the initial purchasers of the debentures. The terms of the Fundamental Change purchase feature resulted from negotiations between the initial purchasers of the debentures and us.

The term Fundamental Change is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the requirement that we offer to purchase the debentures upon a Fundamental Change may not protect holders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

No debentures may be purchased at the option of holders upon a Fundamental Change if the accreted principal amount of the debentures has been accelerated, and such acceleration has not been rescinded.

The definition of Fundamental Change includes a phrase relating to the conveyance, transfer, sale, lease or disposition of “all or substantially all” of our consolidated assets. There is no precise, established definition of the phrase “substantially all” under applicable law. Accordingly, the ability of a holder of the debentures to require us to purchase its debentures as a result of the conveyance, transfer, sale, lease or other disposition of less than all of our assets may be uncertain.

If a Fundamental Change were to occur, we may not have enough funds to pay the Fundamental Change purchase price or we may be prohibited from doing so under the terms of our then-existing indebtedness. See “Risk Factors” under the caption “Risks Related to the Debentures—We may not have the ability to raise the funds necessary to purchase the debentures upon a Fundamental Change or other purchase date, as required by the indenture governing the debentures.” Our failure to purchase the debentures when required following a Fundamental Change constitutes an event of default under the indenture with respect to the debentures. In addition, we have, and may in the future incur, other indebtedness with similar change in control provisions permitting holders to accelerate or to require us to purchase our indebtedness upon the occurrence of similar events or on some specific dates.

### **Consolidation, Merger and Sale of Assets**

The indenture prohibits us from consolidating with or merging into another business entity or transferring or leasing substantially all of our assets, unless:

- either (1) we are the continuing entity in the case of a merger or (2) the resulting, surviving or acquiring entity, if other than Lockheed Martin, is a U.S. corporation and it expressly assumes our obligations with respect to the debentures, by executing a supplemental indenture,
- immediately after giving effect to the transaction, no event of default and no circumstances which, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing and
- we have delivered to the trustee an officers’ certificate and a legal opinion confirming that we have complied with the indenture.

However, certain of these transactions could constitute a Fundamental Change (as defined above) permitting each holder to require us to purchase the debentures of such holder as described above.

### **Events of Default**

Any of the following events constitute an event of default under the indenture with respect to the debentures:

- failure to pay interest, including contingent interest and additional interest, if any, on the debentures for thirty days past the applicable due date,
- failure to pay accreted principal amount of the debentures when due (whether at maturity, upon redemption, purchase or otherwise),
- failure to deliver our common stock, or cash in lieu thereof, or a combination of the foregoing, upon conversion of any debenture and such failure continues for 10 days following written notice thereof from the converting holder,
- failure to perform any other covenant or agreement in the indenture, which continues for 90 days after written notice from the trustee or holders of 25% of the outstanding original principal amount of the debentures as provided in the indenture and
- specified events relating to our bankruptcy, insolvency or reorganization.

If there is an event of default with respect to the debentures, which continues for the requisite amount of time, either the trustee or holders of at least 25% of the aggregate original principal amount of the debentures may declare the accreted principal amount of and interest (including contingent interest and additional interest, if any) on all of the debentures to be due and payable immediately, except that if an event of default occurs due to bankruptcy, insolvency or reorganization as provided in the indenture, then the accreted principal amount of and interest (including contingent interest and additional interest, if any) on the debentures shall become due and payable immediately without any act by the trustee or any holder of debentures.

## [Table of Contents](#)

Before the acceleration of the maturity of the debentures, the holders of a majority in aggregate original principal amount of the debentures may, on behalf of the holders of all debentures, waive any past default or event of default and its consequences for the debentures, except (1) a default in the payment of the accreted principal or interest (including contingent interest and additional interest, if any) with respect to the debentures or (2) a default with respect to a provision of the indenture that cannot be amended without the consent of each holder affected by the amendment. In case of a waiver of a default, that default shall cease to exist, any event of default arising from that default shall be deemed to have been cured for all purposes, and Lockheed Martin, the trustee, and the holders of the debentures will be restored to their former positions and rights under the indenture.

A holder may institute a suit against us for enforcement of such holder's rights under the indenture, for the appointment of a receiver or trustee, or for any other remedy only if the following conditions are satisfied:

- the holder gives the trustee written notice of a continuing event of default with respect to the debentures held by that holder,
- holders of at least 25% of the aggregate original principal amount of the debentures make a request, in writing, and offer reasonable indemnity, to the trustee for the trustee to institute the requested proceeding,
- the trustee does not receive direction contrary to the holders' request from holders of a majority in original principal amount of the debentures within 60 days following such notice, request and offer of indemnity under the terms of the indenture and
- the trustee does not institute the requested proceeding within 60 days following such notice.

The indenture requires us every year to deliver to the trustee a statement as to any defaults under the indenture.

A default in the payment of the debentures, or a default with respect to the debentures that causes them to be accelerated, may give rise to a cross-default under our credit facilities or other indebtedness.

### **Satisfaction and Discharge of the Indenture**

The indenture generally ceases to be of any further effect with respect to the debentures, if:

- we have delivered to the trustee for cancellation all outstanding debentures (with certain limited exceptions) or
- all debentures not previously delivered to the trustee for cancellation have become due and payable, whether at stated maturity or any redemption date or any purchase date (including upon the occurrence of a Fundamental Change), or upon conversion or otherwise, and we have deposited with the trustee as trust funds the entire amount (including our common stock, as applicable) sufficient to pay all of the outstanding debentures,
- and if, in either case, we also pay or cause to be paid all other sums payable under the indenture by us.

### **Legal Defeasance and Covenant Defeasance**

The debentures are not subject to any defeasance provisions under the indenture.

### **Modification and Waiver**

We may enter into supplemental indentures for the purpose of modifying or amending the indenture with the consent of holders of at least a majority in aggregate original principal amount of the debentures. However, the consent of the holder of each debenture affected by such change is required for any of the following:

- to reduce the percentage in original principal amount of debentures whose holders must consent to an amendment,
- to reduce the rate of or extend the time for payment of interest on any debenture or reduce the amount of any interest payment to be made with respect to any debenture; to alter the manner of calculation or rate of contingent interest or additional interest or extend the time for payment of any such amount; or to alter the manner or rate of accretion of principal,
- to reduce the original principal amount or accreted principal amount of or change the stated maturity of principal of, or any installment of principal of or interest on, any debenture,
- to reduce the redemption price or purchase price (including upon the occurrence of a Fundamental Change) or change the time at which any debenture may or shall be redeemed or purchased,
- to make any debenture payable in a different currency,
- to make any change in the provisions of the indenture relating to waivers of defaults or amendments that require unanimous consent,

## [Table of Contents](#)

- to change any place of payment where the debentures or interest thereon is payable,
- to make any change that adversely affects the right to convert the debentures or reduces the amount payable upon conversion,
- to impair the right to bring a lawsuit for the enforcement of any payment on or after the stated maturity of any debenture (or in the case of redemption or purchase, on or after the date fixed for redemption or purchase) or
- to modify any of the above provisions of the indenture, except to increase the percentage in original principal amount of debentures whose holders must consent to an amendment or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding debenture affected by the modification or waiver.

In addition, we and the trustee with respect to the indenture may enter into supplemental indentures without the consent of the holders of the debentures for one or more of the following purposes:

- to evidence that another person has become our successor under the provisions of the indenture relating to consolidations, mergers and sales of assets and that the successor assumes our covenants, agreements and obligations in the indenture and in the debentures,
- to surrender any of our rights or powers under the indenture, to add to our covenants further covenants, restrictions, conditions or provisions for the protection of the holders of the debentures, and to make a default in any of these additional covenants, restrictions, conditions or provisions a default or an event of default under the indenture,
- to cure any ambiguity or to make corrections to the indenture or to make such other provisions in regard to matters or questions arising under the indenture that do not materially adversely affect the interests of any holders of debentures (excluding any change for which the consent of the holder on each debenture affected by such change is required, as described above),
- to modify or amend the indenture to permit the qualification of the indenture or any supplemental indenture under the Trust Indenture Act of 1939 as then in effect,
- to add guarantees with respect to the debentures or to secure the debentures,
- to make any change (excluding any change for which the consent of the holder of each debenture affected by such change is required, as described above) that does not materially adversely affect the rights of any holder of debentures and
- to evidence and provide for the acceptance of appointment by a successor or separate trustee with respect to the debentures.

### **Book-Entry System**

The debentures are represented by one or more global securities. Each global security has been deposited with, or on behalf of, DTC and registered in the name of a nominee of DTC. Except under circumstances described below, the debentures are not issued in definitive form.

Upon the issuance of a global security, DTC credits on its book-entry registration and transfer system the accounts of persons designated by the initial purchasers with the respective original principal amounts of the debentures represented by the global security. Ownership of beneficial interests in a global security is limited to persons that have accounts with DTC or its nominee ("participants") or persons that may hold interests through participants. Ownership of beneficial interests in a global security is shown on, and the transfer of that ownership is effected only through, records maintained by DTC or its nominee (with respect to interests of persons other than participants). The laws of some states require that some purchasers of securities take physical delivery of the securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a global security.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, is considered the sole owner or holder of the debentures represented by that global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security are not entitled to have debentures represented by that global security registered in their names, do not receive or be entitled to receive physical delivery of debentures in definitive form and are not considered the owners or holders thereof under the indenture. Principal and interest payments, if any, on debentures registered in the name of DTC or its nominee are made to DTC or its nominee, as the case may be, as the registered owner of the relevant global security. Neither we, the trustee, any paying agent or the security registrar for the debentures have any responsibility or liability for any aspect of the records relating to nor payments made on account of beneficial interests in a global security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest, will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a global security held through these participants will be governed by standing instructions and customary practices, as is the case



## [Table of Contents](#)

with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of the participants.

Beneficial owners of interests in global securities who desire to convert their interests into common stock should contact their brokers or other participants or indirect participants through whom they hold such beneficial interests to obtain information on procedures, including proper forms and cut-off times, for submitting requests for conversion.

Unless and until they are exchanged in whole or in part for debentures in definitive form, the global securities may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC. Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds.

If DTC at any time is unwilling or unable to continue as a depository, defaults in the performance of its duties as depository or ceases to be a clearing agency registered under the Exchange Act or other applicable statute or regulation, and a successor depository is not appointed by us within 90 days, we will issue debentures in definitive form in exchange for the global securities relating to the debentures. In addition, we may at any time and in our sole discretion determine not to have the debentures or portions of the debentures represented by one or more global securities and, in that event, we will notify the trustee and issue individual debentures in exchange for the global security or securities representing the debentures. Debentures so issued in definitive form will be issued as registered debentures in denominations of \$1,000 and integral multiples thereof, unless otherwise specified by us.

### **The Trustee**

The Bank of New York is the initial trustee, conversion agent, paying agent, transfer agent and registrar with respect to the debentures. The Bank of New York performs certain other services for, and transacts other banking business with, us and certain of our subsidiaries in the normal course of business. The Bank of New York is also a participating lender under our current multiyear credit facility.

### **Governing Law**

The indenture and the debentures are governed by, and construed in accordance with, the laws of the State of New York.

## REGISTRATION RIGHTS

We entered into a registration rights agreement with the initial purchasers of the debentures pursuant to which we have, at our expense, for the benefit of the holders, filed with the SEC a shelf registration statement, of which this prospectus is a part, covering resale of the debentures and the shares of our common stock issuable upon conversion of the debentures. Our obligation to keep the shelf registration statement effective terminates upon the earlier of (i) the sale pursuant to Rule 144 under the Securities Act or the shelf registration statement of all the securities registered thereunder, and (ii) the expiration of the holding period applicable to such securities held by persons that are not our affiliates under Rule 144(k) under the Securities Act or any successor provision, subject to permitted exceptions.

We may suspend the use of this prospectus during prescribed periods of time for reasons relating to pending corporate developments, public filings with the SEC and other events. The periods during which we can suspend the use of this prospectus may not, however, exceed a total of 90 days in any 12-month period.

Additional interest accrues on any debentures if the shelf registration statement, of which this prospectus is a part, ceases to be effective, or we otherwise prevent or restrict holders of registrable securities from making sales under the shelf registration statement, of which this prospectus is a part, for more than 90 days, whether or not consecutive, during any 12-month period. In either event, additional interest accrues at a rate of 0.25% per annum to and including the 90th day after the registration default and 0.50% per annum from and after the 91st day after the registration default until the earlier of the following:

- the time the shelf registration statement again becomes effective or the holders of registrable securities are again able to make sales under the shelf registration statement, depending on which event triggered the increase in interest rate or
- until the earlier of (i) the date all registrable securities have been sold pursuant to the shelf registration statement or Rule 144 under the Securities Act, or any successor provision and (ii) the expiration of the holding period with respect to the registrable securities under Rule 144(k) under the Securities Act, or any successor provision.

A holder who to sells any registrable securities pursuant to this prospectus:

- is required to be named as a selling securityholder in this prospectus or a related prospectus supplement,
- is required to deliver a prospectus to purchasers,
- may be subject to certain civil liability provisions under the Securities Act in connection with those sales and
- is bound by the provisions of the registration rights agreement that apply to a holder making such an election, including certain indemnification provisions.

We agreed in the registration rights agreement to use our reasonable best efforts to cause the shares of common stock issuable upon conversion of the debentures to be listed on the New York Stock Exchange. However, if the common stock is not then listed on the New York Stock Exchange, we will use our reasonable best efforts to cause the shares of common stock issuable upon conversion of the debentures to be quoted or listed on whichever market or exchange the common stock is then primarily traded, upon effectiveness of the shelf registration statement.

This summary of certain provisions of the registration rights agreement is not complete and is subject to, and qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which was filed as an exhibit to the shelf registration statement of which this prospectus is a part.

## DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock, and certain provisions of our Charter and Bylaws and Maryland law is a summary only and is subject to the complete text of our Charter and Bylaws, which we have previously filed with the SEC, and the text of the Maryland General Corporation Law. You should read our Charter and Bylaws as currently in effect for more details regarding the provisions we describe below and for other provisions that may be important to you. You may request copies of these documents by writing or telephoning us at our address and telephone number shown under the caption “Where You Can Find More Information.”

### Authorized Capital Stock

Under our Charter, the total number of shares of all classes of stock that we have authority to issue is 1,570,000,000 shares, of which 1,500,000,000 are shares of common stock, par value \$1.00 per share, 20,000,000 are shares of series A preferred stock, par value \$1.00 per share, and 50,000,000 are shares of series preferred stock, par value \$1.00 per share. The authorized but unissued shares of stock could be issued at such times and under such circumstances as to have a dilutive effect on earnings per share and on the equity ownership of the holders of our common stock. The ability of our board of directors to issue additional shares of stock could enhance the board’s ability to negotiate on behalf of the stockholders in a takeover situation and also could be used by the board to make a change in control more difficult, thereby denying stockholders the potential to sell their shares at a premium and entrenching current management.

### Common Stock

The holders of our common stock have no preferences, conversion or exchange rights. Holders of our common stock are entitled to receive such dividends as may from time to time be declared by our board of directors and to share ratably in the assets of Lockheed Martin legally available for distribution to holders of common stock in the event of our liquidation, dissolution or winding-up. If in the future shares of any series of our preferred stock are outstanding, depending on the terms of these shares we may not be able to pay any dividend or make any distribution of assets on shares of our common stock until cumulative dividends on the preferred stock then outstanding with dividend or distribution rights senior to our common stock have been paid.

The holders of our common stock are entitled to one vote per share on all matters voted on generally by the stockholders, including the election of directors, and, except as otherwise required by law or except as provided with respect to any outstanding shares of any series of our preferred stock, the holders of our common stock possess all voting power. Under our Charter, matters submitted to our stockholders for a vote generally require the affirmative approval of a majority of the outstanding shares of common stock. Except in certain instances (further described under the caption “—Maryland Anti-Takeover Provisions and Certain Anti-Takeover Effects of our Charter and Bylaws—Effect of Certain Provisions of our Charter and Bylaws—Cumulative Voting for Directors”), our Charter does not provide for cumulative voting for the election of directors, meaning that the holders of a majority of the shares voting for the election of directors can elect all of the directors standing for election.

The principal transfer agent and registrar for our common stock is EquiServe Trust Company, N.A.

### Preferred Stock

Our Charter includes extensive provisions governing the rights and preferences of holders of shares of our series A preferred stock. These shares originally were issued to the holders of shares of series A preferred stock of Martin Marietta Corporation in connection with the merger of Martin Marietta Corporation and Lockheed Corporation in March 1995, and subsequently were repurchased by us. While no shares of our series A preferred stock are currently issued and outstanding and our board of directors has no present intent to issue shares of series A preferred stock, in the event such shares were issued, the rights of holders of our common stock could be adversely affected. For an explanation of the rights of holders of series A preferred stock, you may request a copy of our Charter by contacting us as provided under the caption “Where You Can Find More Information.”

In addition to the series A preferred stock, our board of directors has the authority under Maryland law and our Charter, without stockholder approval, to issue shares of preferred stock in one or more series or classes and to fix for each such series or class the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption. The board could authorize the issuance of shares of preferred stock with terms and conditions that could discourage a takeover or other transaction that holders of some or a majority of shares of common stock might believe to be in their best interests or in which such holders might receive a premium for their shares of stock over the then market price of such shares.

The issuance of preferred stock, while providing desired flexibility in connection with possible acquisitions, financing transactions and for other corporate purposes, could adversely affect the voting power of holders of our common stock. It also could affect the likelihood that holders of our common stock will receive dividend payments or payments upon liquidation.

## [Table of Contents](#)

As of the date hereof, no shares of series A preferred stock or any other series of preferred stock are outstanding and our board has no present intent to issue any shares of series A preferred stock or any other series of preferred stock.

### **Preemptive Rights**

No holder of any shares of any class of stock of Lockheed Martin has any preemptive or preferential right to acquire or subscribe for any unissued shares of any class of stock or any authorized securities convertible into or carrying any right, option or warrant to subscribe for or acquire shares of any class of stock.

### **Amendment of our Bylaws**

Under Maryland law, the power to adopt, amend or repeal bylaws is conferred upon the stockholders except to the extent the charter or bylaws vest the power in the board of directors. Our Charter grants our board of directors the power to make and adopt, or to amend, rescind, alter or repeal, any of our Bylaws at any regular or special meeting of the board or by unanimous written consent and our Bylaws grant our board the exclusive power to take such actions.

### **Limitation of Liability of Officers and Directors; Indemnification**

Our Charter provides that to the maximum extent Maryland law in effect from time to time permits limitation of liability of directors and officers, none of our directors or officers shall be liable to Lockheed Martin or its stockholders for money damages.

Our Bylaws require us to indemnify our directors, officers and employees to the fullest extent permitted from time to time by applicable law. Such indemnification shall be against all liability and loss suffered and expenses actually and reasonably incurred by the indemnified party in connection with a proceeding, provided the indemnified party satisfied the standards of care set forth in the Maryland General Corporation Law and provided, further, that we are not required to indemnify a person in connection with an action, suit or proceeding initiated by such person unless the action, suit or proceeding was authorized by our board of directors. Maryland law permits a corporation to indemnify its directors, officers, employees and agents against judgments, penalties, fines, settlements and reasonable expenses (including attorneys' fees) actually incurred in connection with any proceeding to which they may be made a party by reason of their service to or at the request of the corporation, unless it is established that (i) the act or omission of the indemnified party was material to the matter giving rise to the proceeding and the act or omission was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the indemnified party actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the indemnified party had reasonable cause to believe that the act or omission was unlawful. Under Maryland law, indemnification for expenses is mandatory if the indemnified party has been successful on the merits or otherwise in the defense of any proceeding unless such indemnification is not otherwise permitted as provided in the preceding sentence. In addition to the foregoing, a court of competent jurisdiction, under certain circumstances, may order indemnification of expenses if it determines that the indemnified party is fairly and reasonably entitled to indemnification in view of all the relevant circumstances. A director, officer or employee may not be indemnified if the proceeding was an action by or in the right of the corporation and the indemnified party was adjudged to be liable to the company, or the proceeding involved a determination that the indemnified party received an improper personal benefit.

Maryland law allows and our Bylaws require us to pay or reimburse reasonable expenses in advance of a final disposition of a proceeding for which indemnification may be sought if the individual seeking indemnification affirms in writing their good faith belief they satisfied the applicable standard of conduct and undertakes in writing to repay any such advances if it is ultimately determined that the standard of conduct was not satisfied.

### **Maryland Anti-Takeover Provisions and Certain Anti-Takeover Effects of our Charter and Bylaws**

#### ***Business Combinations***

Under the Maryland General Corporation Law, some business combinations, including a merger, consolidation, share exchange or, in some circumstances, an asset transfer or issuance or reclassification of equity securities, are prohibited for a period of time and require an extraordinary vote. These transactions include those between a Maryland corporation and the following persons (a "Specified Person"):

- an interested stockholder, which is defined as any person (other than a subsidiary) who beneficially owns 10% or more of the corporation's voting stock, or who is an affiliate or an associate of the corporation who, at any time within a two-year period prior to the transaction, was the beneficial owner of 10% or more of the voting power of the corporation's voting stock or
- an affiliate of an interested stockholder.

A person is not an interested stockholder if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. The board of directors of a Maryland corporation also may exempt a person from these business combination restrictions prior to the time the person becomes a Specified Person and may provide that its exemption is subject to compliance with any terms and conditions determined by the board of directors. Transactions between a

## [Table of Contents](#)

corporation and a Specified Person are prohibited for five years after the most recent date on which such stockholder becomes a Specified Person. After five years, any business combination must be recommended by the board of directors of the corporation and approved by at least 80% of the votes entitled to be cast by holders of voting stock of the corporation and two-thirds of the votes entitled to be cast by holders of shares other than voting stock held by the Specified Person with whom the business combination is to be effected, unless the corporation's stockholders receive a minimum price as defined by Maryland law and other conditions under Maryland law are satisfied.

A Maryland corporation may elect not to be governed by these provisions by having its board of directors exempt various Specified Persons, by including a provision in its charter expressly electing not to be governed by the applicable provision of Maryland law or by amending its existing charter with the approval of at least 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and two-thirds of the votes entitled to be cast by holders of shares other than those held by any Specified Person. Our Charter does not include any provision opting out of these business combination provisions.

In addition to the provisions of the Maryland General Corporation Law governing business combinations, our Charter includes a separate provision requiring that any business combination involving a Related Person (as defined in our Charter) must be approved by at least (i) 80% of the outstanding shares of voting stock and (ii) 67% of the outstanding shares of voting stock not owned by the Related Person. This provision does not apply to a business combination approved by a two-thirds vote of the directors in office prior to the time a Related Person becomes a Related Person (and certain other directors designated from time to time as "Continuing Directors") or if the consideration received by the stockholders other than the Related Person is not less than the highest price per share paid by the Related Person, and a proxy statement complying with the regulations of the Exchange Act shall have been sent to all stockholders in connection with the transaction. Under our Charter, this provision may be amended only by the same two supermajority votes required for approval of a business combination (unless such amendment is recommended by two-thirds of the Continuing Directors). Our Charter's definition of Related Person includes the following persons: any individual, corporation, partnership or other person or entity which beneficially owns 10% or more of the outstanding shares of any class of the corporation's voting stock and any affiliate or associate of such person.

### ***Control Share Acquisitions***

The Maryland General Corporation Law also prevents, subject to exceptions, an acquiror who acquires sufficient shares to exercise specified percentages of voting power of a corporation from having any voting rights except to the extent approved by two-thirds of the votes entitled to be cast on the matter not including shares of stock owned by the acquiring person, any directors who are employees of the corporation and any officers of the corporation. These provisions are referred to as the control share acquisition statute.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or to acquisitions approved or exempted prior to the acquisition by a provision contained in the corporation's charter or bylaws. Our Bylaws include a provision exempting Lockheed Martin from the restrictions of the control share acquisition statute, but this provision could be amended or rescinded either before or after a person acquired control shares. As a result, the control share acquisition statute could discourage offers to acquire Lockheed Martin stock and could increase the difficulty of completing an offer.

### ***Board of Directors***

The Maryland General Corporation Law provides that a Maryland corporation which is subject to the Exchange Act and has at least three outside directors (who are not affiliated with an acquirer of the company) under certain circumstances may elect by resolution of the board of directors or by amendment of its charter or bylaws to be subject to statutory corporate governance provisions that may be inconsistent with the corporation's charter and bylaws. Under these provisions, a board of directors may divide itself into three separate classes without the vote of stockholders such that only one-third of the directors are elected each year. A board of directors classified in this manner cannot be altered by amendment to the charter of the corporation. Further, the board of directors may, by electing to be covered by the applicable statutory provisions and notwithstanding the corporation's charter or bylaws:

- provide that a special meeting of stockholders will be called only at the request of stockholders entitled to cast at least a majority of the votes entitled to be cast at the meeting,
- reserve for itself the right to fix the number of directors,
- provide that a director may be removed only by the vote of at least two-thirds of the votes entitled to be cast generally in the election of directors and
- retain for itself sole authority to fill vacancies created by an increase in the size of the board or the death, removal or resignation of a director.

## [Table of Contents](#)

In addition, a director elected to fill a vacancy under these provisions serves for the balance of the unexpired term instead of until the next annual meeting of stockholders. A board of directors may implement all or any of these provisions without amending the charter or bylaws and without stockholder approval. Although a corporation may be prohibited by its charter or by resolution of its board of directors from electing any of the provisions of the statute, we have not adopted such a prohibition. If our board chose to implement these provisions, it could discourage offers to acquire Lockheed Martin stock and could increase the difficulty of completing an offer to acquire our stock.

### ***Effect of Certain Provisions of our Charter and Bylaws***

In addition to the Charter and Bylaws provisions discussed above, certain other provisions of our Charter and Bylaws may have the effect of impeding the acquisition of control of Lockheed Martin by means of a tender offer, proxy fight, open market purchases or otherwise in a transaction not approved by our board of directors. These provisions of our Charter and Bylaws are intended to reduce our vulnerability to an unsolicited proposal for the restructuring or sale of all or substantially all of our assets or an unsolicited takeover attempt which does not provide that all of our outstanding shares will be acquired or which our board believes is otherwise unfair to our stockholders. These provisions, however, also could have the effect of delaying, deterring or preventing a change in control of Lockheed Martin.

***Removal of Directors.*** Our Charter provides that a director may be removed by the stockholders only for cause and only by the affirmative vote of at least 80% of the votes entitled to be cast in the election of directors. This provision precludes stockholders from removing incumbent directors and filling the vacancies created by such removal with their own nominees except upon a substantial affirmative vote. This provision may be amended or repealed only by the affirmative vote of at least 80% of the votes entitled to be cast in the election of directors.

***Prohibition on Repurchase of Stock at a Premium; Transactions with Interested Stockholders.*** Our Charter contains provisions requiring that the following transactions with an Interested Stockholder (as defined in our Charter, including any person who is the beneficial owner of 5% or more of outstanding shares of voting stock) first be approved by the affirmative vote of holders of a majority of outstanding shares of voting stock not owned by the Interested Stockholder:

- any purchase by Lockheed Martin of shares of voting stock from an Interested Stockholder where the shares were beneficially owned for less than two years, other than pursuant to an offer to holders of all the outstanding shares of the same class, at a price in excess of the market price of the stock,
- any merger or consolidation of Lockheed Martin (or any of our subsidiaries) with an Interested Stockholder or an affiliate of an Interested Stockholder,
- any sale, lease, exchange, mortgage, pledge, transfer or other disposition to an Interested Stockholder or an affiliate of an Interested Stockholder of assets of Lockheed Martin (or any of our subsidiaries) having an aggregate fair market value of \$10,000,000 or more,
- the issuance or transfer by Lockheed Martin (or any of our subsidiaries) of any capital stock of Lockheed Martin (or any subsidiary) having an aggregate fair market value of \$10,000,000 or more to an Interested Stockholder or an affiliate of an Interested Stockholder,
- the adoption of any plan for the liquidation or dissolution of Lockheed Martin proposed by or on behalf of an Interested Stockholder or an affiliate of an Interested Stockholder or
- any reclassification of securities or other transaction with the effect of increasing the proportionate share of outstanding equity or convertible securities of Lockheed Martin (or any of our subsidiaries) owned by an Interested Stockholder or an affiliate of an Interested Stockholder.

Under our Charter, these provisions are subject to certain exceptions, but may be amended or repealed only by the affirmative vote of at least 80% of the votes entitled to be cast by the holders of outstanding shares of voting stock.

***Cumulative Voting for Directors.*** Our Charter provides that if any person (other than Lockheed Martin, any of our subsidiaries and certain employee benefit plans) beneficially owns voting stock representing 40% or more of the votes entitled to be cast by all the holders of outstanding shares of voting stock, (i) the directors of Lockheed Martin will be elected by cumulative voting and (ii) one or more candidates may be nominated by certain disinterested directors or by any beneficial owner of voting stock having an aggregate market value of \$250,000 or more. Under our Charter, this provision may be amended or repealed only by the affirmative vote of at least 80% of the votes entitled to be cast by holders of outstanding shares of voting stock.

***Stockholder Meetings; Advance Notice of Director Nominations and New Business.*** Our Bylaws provide that with respect to annual meetings of stockholders, (i) nominations of individuals for election to our board of directors and (ii) the proposal of business to be considered by stockholders may be made only:

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[Table of Contents](#)

- pursuant to Lockheed Martin's notice of the meeting,
- by or at the direction of our board of directors or
- by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our Bylaws.

Special meetings of stockholders may be called only by the chairman of the board, the chief executive officer, the board of directors, the executive committee of the board or the secretary of Lockheed Martin (upon the written request of the holders of a majority of the shares entitled to vote). At a special meeting of stockholders, the only business that may be conducted is the business specified in Lockheed Martin's notice of meeting. With respect to nominations of persons for election to our board of directors, nominations may be made at a special meeting of stockholders only:

- pursuant to Lockheed Martin's notice of meeting,
- by or at the direction of our board of directors or
- if our board of directors has determined that directors will be elected at the special meeting, by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our Bylaws.

These procedures may limit the ability of stockholders to bring business before a stockholders meeting, including the nomination of directors and the consideration of any transaction that could result in a change in control and that may result in a premium to our stockholders.

## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the debentures, and where noted, our common stock, as of the date of this prospectus. This summary applies only to a holder who holds the debentures or common stock as a capital asset. This summary does not discuss any state, local or foreign tax consequences, nor does it deal with holders who may be subject to special treatment for U.S. federal income tax purposes. For example, this summary does not address:

- tax consequences to holders who are dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities or insurance companies,
- tax consequences to persons holding the debentures as part of a hedging, integrated, constructive sale or conversion transaction, or a straddle,
- tax consequences to holders of the debentures whose “functional currency” is not the U.S. dollar or
- alternative minimum tax consequences, if any.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions as of the date of this prospectus. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax considerations different from those discussed below.

If a partnership holds the debentures, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding the debentures, you should consult your own tax advisor.

No rulings have been sought or are expected to be sought from the Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax considerations discussed below. As a result, we cannot assure you that the IRS will agree with the tax characterizations and the tax consequences described below.

**If you are considering purchasing the debentures, you should consult your own tax advisor concerning the U.S. federal income and estate tax consequences in light of your particular situation and any consequences arising under the laws of any other taxing jurisdiction.**

### Classification of the Debentures

Under the indenture governing the debentures, we have agreed, and, by acceptance of a beneficial interest in a debenture, each holder of a debenture will be deemed to have agreed, to treat the debentures as indebtedness for U.S. federal income tax purposes that is subject to the regulations governing contingent payment debt instruments (the “Contingent Debt Regulations”). In addition, pursuant to the terms of the indenture, we have agreed and each holder will be deemed to have agreed (in the absence of an administrative determination or judicial ruling to the contrary) to be bound by our application of the Contingent Debt Regulations to the debentures, including our determination of the projected payment schedule (as described below) and the comparable yield, which is the rate at which interest will be deemed to accrue on the debentures for U.S. federal income tax purposes (as described below).

Last year, the IRS issued Revenue Ruling 2002-31, which addressed the U.S. federal income tax classification and treatment of instruments similar, although not identical, to the debentures, and concluded that the instruments addressed in that published ruling were subject to the Contingent Debt Regulations. However, the applicability of Revenue Ruling 2002-31 to any particular instruments, such as the debentures, is uncertain. No rulings have been sought from the IRS with respect to any of the tax consequences discussed below. Accordingly, no assurance can be given that the IRS will agree with the treatment described herein. Any differing treatment could significantly affect the amount, timing and character of income, gain or loss recognized in respect of an investment in the debentures. In particular, a holder might be required to accrue interest income at a different rate, might not recognize income, gain or loss upon conversion of the debentures into common stock and might recognize capital gain or loss upon a taxable disposition of its debentures. **Holders should consult their own tax advisors concerning the tax consequences to them of investing in the debentures.**

The remainder of this discussion assumes that the debentures will be treated as indebtedness subject to the Contingent Debt Regulations and does not address any possible differing treatments of the debentures.



## U.S. Holders

The following discussion is a summary of certain U.S. federal income tax considerations that will apply to you if you are a U.S. holder of debentures or shares of our common stock.

For purposes of this discussion, a U.S. holder is a beneficial owner of a debenture or common stock that is for U.S. federal income tax purposes:

- a citizen or resident of the United States,
- a corporation created or organized in or under the laws of the United States or any political subdivision of the United States,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source or
- a trust that (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons has authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

### *Accrual of Interest*

Under the Contingent Debt Regulations, actual cash payments on the debentures, including payments of contingent interest, if any, will not be reported separately as taxable income, but will be taken into account under such regulations. As discussed more fully below, the effect of these Contingent Debt Regulations will be to:

- require you, regardless of your usual method of tax accounting, to use the accrual method with respect to the debentures,
- require you to accrue interest income at the comparable yield (as described below), which is likely to be substantially in excess of interest payments actually received by you and
- generally result in ordinary rather than capital treatment of any gain, and to some extent loss, on the sale, exchange, conversion, redemption or repurchase of the debentures.

You will be required to accrue an amount of interest income for U.S. federal income tax purposes for each accrual period prior to and including the maturity date of the debentures that equals:

- the product of (i) the adjusted issue price (as defined below) of the debentures as of the beginning of the accrual period and (ii) the comparable yield to maturity (as defined below) of the debentures, adjusted for the length of the accrual period,
- divided by the number of days in the accrual period and
- multiplied by the number of days during the accrual period that you held the debentures.

The issue price of each debenture is the first price at which a substantial amount of the debentures was sold to persons other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The adjusted issue price of a debenture is its issue price increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals (as described below), and decreased by the amount of any projected payments previously made with respect to the debentures.

Under the Contingent Debt Regulations, you will be required to include interest in income each year, regardless of your usual method of tax accounting, based on the comparable yield of the debentures. The comparable yield of the debentures is determined based on the rate, as of the initial issue date, at which we would issue a fixed rate nonconvertible debt instrument with no contingent payments but with terms and conditions otherwise similar to the debentures. Accordingly, at the time the debentures were issued we determined the comparable yield to be an annual rate of 6.52%, compounded quarterly.

Solely for purposes of determining the amount of interest income that you will be required to accrue, at the time the debentures were issued we were required to construct a “projected payment schedule” that estimates the amount and timing of interest payments and payments upon maturity on the debentures (taking into account the fair market value of the common stock that might be paid upon a conversion of the debentures). You may obtain the projected payment schedule by submitting a written request for it to us at the address set forth in “Where You Can Find More Information.” For U.S. federal income tax purposes, you generally must use the comparable yield and the schedule of projected payments in determining your interest accruals, and the adjustments thereto described below, in respect of the debentures.

**The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of your interest accruals and adjustments thereof in respect of the debentures and do not constitute a projection or representation regarding the actual amount of the payments on a debenture.**

#### ***Adjustments to Interest Accruals on the Debentures***

If the actual payments made on the debentures differ from the projected payments, adjustments will be made for the difference. If, during any taxable year, you receive actual payments with respect to the debentures for that taxable year that in the aggregate exceed the total amount of projected payments for the taxable year, you will incur a “positive adjustment” equal to the amount of such excess. The positive adjustment will be treated as additional interest income for that taxable year. For these purposes, the payments in a taxable year include the fair market value of property received in that year. If, during any taxable year, you receive actual payments with respect to the debentures that in the aggregate are less than the total amount of the corresponding projected payments for that taxable year, you will incur a “negative adjustment” equal to the amount of such deficit. A negative adjustment will be treated as follows:

- first, it will reduce the amount of interest that you would otherwise be required to include in your income with respect to the debentures in the taxable year,
- second, to the extent of any excess, it will be treated as ordinary loss in an amount not to exceed the excess of (A) the amount of your total prior interest inclusions with respect to the debentures over (B) the total amount of net negative adjustments treated as ordinary loss on the debentures in prior taxable years and
- third, to the extent any portion of the negative adjustment remains, it will be carried forward and treated as a negative adjustment in the succeeding taxable year.

Net negative adjustments are not subject to the two-percent floor limitation imposed on miscellaneous itemized deductions under Section 67 of the Code.

If you purchase a debenture from an existing holder at a discount or a premium to the adjusted issue price of the debenture, the rules for accrual of premium or discount will generally not apply. Instead, the discount (if any) will be treated as a positive adjustment and the premium (if any) will be treated as a negative adjustment. You must reasonably allocate the positive or negative adjustment to accruals of interest income or projected payments over the remaining term of the debenture. Holders should consult their own tax advisors regarding those allocations.

#### ***Sale, Exchange, Conversion, Redemption or Repurchase***

Upon the sale, exchange, conversion, redemption or repurchase of a debenture, you will recognize gain or loss equal to the difference between your amount realized (including the amount of cash and the fair market value of our common stock received, if any) and your adjusted tax basis in the debentures. Any gain you recognize generally will be treated as ordinary interest income. Any loss you recognize will be treated as ordinary loss to the extent of your prior net interest inclusions with respect to the debentures. Any loss in excess of that amount will be treated as capital loss, which will be long-term capital loss if you held the debentures for more than one year. The deductibility of capital losses is subject to limitations. If you sell the debentures at a loss that meets certain thresholds (generally \$10 million for corporate U.S. holders, other than S corporations, and \$2 million for other U.S. holders), you may be required to file a disclosure statement with the IRS.

Special rules apply in determining the tax basis of a debenture. Your basis in a debenture is generally increased by interest you previously accrued on the debentures (before taking into account any adjustments) and reduced by the amount of any projected payments previously made on the debentures.

Your tax basis in common stock received upon conversion of a debenture will equal the then current fair market value of that common stock. Your holding period for the common stock received will commence on the day after the date of conversion.

#### ***Constructive Distributions***

The conversion price of the debentures will be adjusted in certain circumstances. Under Section 305(c) of the Code, adjustments (or failures to make adjustments) that have the effect of increasing your proportionate interest in our assets or earnings may in some circumstances result in a deemed distribution to you. Any deemed distributions will be taxable as a dividend, return of capital or capital gain in accordance with the rules governing corporate distributions. You should carefully review the conversion rate adjustment provisions and consult your own tax advisor with respect to the tax consequences of any such adjustment.

#### ***Distributions on Common Stock***

In general, distributions with respect to our common stock received upon the conversion of a debenture will constitute dividends to the extent made out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a non-taxable return of capital to the extent of a U.S. holder’s basis in our common stock and thereafter as capital gain. Dividends received by a corporate U.S. holder

## [Table of Contents](#)

will be eligible for the dividends-received deduction if the holder meets certain holding period and other applicable requirements. Dividends received by a non-corporate U.S. holder will qualify for taxation at the reduced rates provided for under recently enacted legislation (effective for tax years through 2008) if the holder meets certain holding period and other applicable requirements.

### ***Sale or Other Disposition of Common Stock***

A U.S. holder will recognize capital gain or loss on the sale or other disposition of common stock received upon the conversion of a debenture equal to the difference between the amount realized and the holder's tax basis in the common stock. Capital gain of a non-corporate U.S. holder is eligible to be taxed at reduced rates where the property is held for more than one year. The deductibility of capital losses is subject to limitations. If you sell common stock at a loss that meets certain thresholds (generally \$10 million for corporate U.S. holders, other than S corporations, and \$2 million for other U.S. holders), you may be required to file a disclosure statement with the IRS.

### **Non-U.S. Holders**

The following is a summary of the U.S. federal tax consequences that will apply to you if you are a non-U.S. holder of debentures or shares of common stock. The term "non-U.S. holder" means a beneficial owner of a debenture or share of common stock that is not a United States person for U.S. federal income tax purposes.

Special rules may apply to certain non-U.S. holders such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies," corporations that accumulate earnings to avoid federal income tax or, in certain circumstances, individuals who are U.S. expatriates. Such non-U.S. holders should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

### ***Payments with Respect to the Debentures***

Subject to the discussion below under "—Constructive Dividends," if you are a non-U.S. holder, all payments made to you on the debentures, and any gain realized on a sale, exchange, conversion, redemption or repurchase of the debentures, will be exempt from the 30% U.S. federal withholding tax, provided that:

- you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock that are entitled to vote,
- you are not a controlled foreign corporation that is related to us through stock ownership,
- you are not a bank whose receipt of interest on a debenture is described in Section 881(c)(3)(A) of the Code,
- (a) you provide your name and address, and certify, under penalties of perjury, that you are not a U.S. person (which certification may be made on an IRS Form W-8BEN (or successor form)) or (b) you hold your debentures through certain foreign intermediaries and you satisfy the certification requirements of applicable Treasury regulations. Special certification rules apply to holders that are pass-through entities and
- in the case of a sale, exchange, conversion, redemption or repurchase of the debentures,
  - we are not, and have not been within the shorter of the five-year period preceding such sale, exchange, conversion, redemption or repurchase and the period during which the non-U.S. holder held the notes, a "U.S. real property holding corporation" and
  - if you are an individual non-U.S. holder, you are present in the United States for less than 183 days in the taxable year of disposition (or are present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are not met).

We believe that we are not, and do not anticipate becoming, a "U.S. real property holding corporation" for U.S. federal income tax purposes.

If you cannot satisfy the requirements described above, payments of interest will be subject to the 30% U.S. federal withholding tax, unless you provide us with a properly executed (1) IRS Form W-8BEN (or successor form) claiming an exemption from or reduction in withholding under the benefit of an applicable tax treaty or (2) IRS Form W-8ECI (or successor form) stating that interest paid on the debentures is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States.

If you are engaged in a trade or business in the United States and interest on a debenture is effectively connected with the conduct of that trade or business (and, where a tax treaty applies, is attributable to a U.S. permanent establishment), you will be subject to U.S. federal income tax (but not the 30% withholding tax if you provide a Form W-8ECI as described above) on that interest on a net income basis in the same manner as if you were a U.S. person as defined under the Code. In addition, if you are a foreign corporation, you may be subject to a "branch profits tax" equal to 30% (or lower applicable treaty rate) of your earnings and

## [Table of Contents](#)

profits for the taxable year, subject to adjustments, that are effectively connected with your conduct of a trade or business in the United States. For this purpose, interest will be included in the earnings and profits of such foreign corporation.

### ***Payments on Common Stock***

Any dividends paid to a non-U.S. holder with respect to the shares of common stock will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business within the United States and, where a tax treaty applies, are attributable to a U.S. permanent establishment, are not subject to the withholding tax, but instead are subject to U.S. federal income tax on a net income basis at applicable individual or corporate rates. Certain certification and disclosure requirements must be complied with in order for effectively connected income to be exempt from withholding. Any such effectively connected dividends received by a foreign corporation may, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder of shares of common stock who wishes to claim the benefit of an applicable treaty rate is required to satisfy applicable certification and other requirements. If you are eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty, you may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

### ***Constructive Dividends***

Under certain circumstances, a non-U.S. holder may be deemed to have received a constructive dividend, see “U.S. Holders—Constructive Distributions” above, subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. A non-U.S. holder who wishes to claim the benefit of an applicable treaty rate is required to satisfy applicable certification and other requirements. It is possible that U.S. federal tax on the constructive dividend would be withheld from interest paid to the non-U.S. holder of the debentures. A non-U.S. holder who is subject to withholding tax under such circumstances should consult its own tax advisor as to whether it can obtain a refund for all or a portion of the withholding tax.

### ***Sale, Exchange or Redemption of Shares of Common Stock***

Any gain that a non-U.S. holder realizes upon the sale, exchange, redemption or other disposition of a share of common stock generally will not be subject to U.S. federal income tax unless:

- that gain is effectively connected with your conduct of a trade or business in the United States and, where a tax treaty applies, is attributable to a U.S. permanent establishment,
- you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition and certain other conditions are met or
- we are or have been a “U.S. real property holding corporation” for U.S. federal income tax purposes.

An individual non-U.S. holder who realizes gain described in the first bullet point above will be subject to U.S. federal income tax on the net gain derived. An individual non-U.S. holder described in the second bullet point above will be subject to a flat 30% U.S. federal income tax on the gain derived, which may be offset by U.S. source capital losses, even though the holder is not considered a resident of the United States. A non-U.S. holder that is a foreign corporation and that realizes gain described in the first bullet point above will be subject to tax on the gain at regular graduated U.S. federal income tax rates and, in addition, may be subject to a “branch profits tax” at a 30% rate or a lower rate if so specified by an applicable income tax treaty.

We believe that we are not, and do not anticipate becoming, a “U.S. real property holding corporation” for U.S. federal income tax purposes.

### ***U.S. Federal Estate Tax***

If you are a non-U.S. holder, the U.S. federal estate tax will not apply to debentures owned by you at the time of your death, provided that (1) you do not own 10% or more of the total combined voting power of all classes of our voting stock (within the meaning of the Code and the U.S. Treasury regulations) and (2) interest on the debentures would not have been, if received at the time of your death, effectively connected with your conduct of a trade or business in the United States. However, shares of our common stock held by you at the time of your death will be included in your gross estate for U.S. federal estate tax purposes unless an applicable estate tax treaty provides otherwise.

### ***Backup Withholding and Information Reporting***

If you are a U.S. holder of debentures or common stock, information reporting requirements will generally apply to all payments we make to you and the proceeds from a sale of a debenture or share of common stock made to you, unless you are an exempt recipient such as a corporation. In addition, backup withholding tax will apply to those payments if you fail to provide a taxpayer identification number, or a certification of exempt status, or if you fail to report in full interest and dividend income.

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[Table of Contents](#)

In general, if you are a non-U.S. holder you will not be subject to backup withholding and information reporting with respect to payments that we make to you provided that we do not have actual knowledge or reason to know that you are a U.S. person and you have given us the certification described above under “Non-U.S. Holders—Payments With Respect to the Debentures.”

In addition, if you are a non-U.S. holder you will not be subject to backup withholding or information reporting with respect to the proceeds of the sale of a debenture or share of common stock within the United States or conducted through certain U.S.-related financial intermediaries, if the payor receives the certification described above under “Non-U.S. Holders—Payments With Respect to the Debentures” and does not have actual knowledge that you are a U.S. person, as defined under the Code, or you otherwise establish an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is timely furnished to the IRS.

**SELLING SECURITYHOLDERS**

We originally issued the debentures on August 13, 2003. The debentures were resold by the initial purchasers to qualified institutional buyers under Rule 144A under the Securities Act. Selling securityholders, including their transferees, pledgees, donees or their successors, may offer and sell the debentures and the underlying common stock pursuant to this prospectus.

The following table sets forth information as of \_\_\_\_\_, 2003 about the principal amount of debentures and the underlying common stock beneficially owned by each selling securityholder that may be offered using this prospectus.

Name Other (3)(4)	Principal Amount of Debentures Beneficially Owned and Offered	Shares of Common Stock Beneficially Owned Upon Conversion of Debentures (1)	Common Stock Offered Upon Conversion of Debentures (1)	Debentures Owned After Completion of Offering (2)	Common Stock Owned After Completion of Offering (2)
(1)	Assumes conversion of all of the holder's debentures at the initial conversion rate of 13.1939 shares per debenture. The initial conversion rate is subject to adjustment as described under "Description of Debentures — Conversion Rate Adjustments." As a result, the amount of common stock issuable upon conversion of the debentures may increase or decrease in the future.				
(2)	Assumes that all of the debentures and/or all of the common stock into which the debentures are convertible are sold.				
(3)	Information about other selling securityholders will be set forth in an amendment to the registration statement of which this prospectus is a part or in prospectus supplements, as required.				
(4)	Assumes that any other holders of debentures, or any future transferees, pledgees, donees or successors of or from any such other holders of debentures, do not beneficially own any common stock other than the common stock issuable upon conversion of the debentures.				

We prepared this table based on the information supplied to us by the selling securityholders named in the table. The selling securityholders listed in the above table may have sold or transferred, in transactions exempt from the registration requirements of the Securities Act, some or all of their debentures since the date on which the information is presented in the above table. Information about the selling securityholders may change over time. Any changed information may be set forth in prospectus supplements and/or amendments to the registration statement of which this prospectus is a part.

Because the selling securityholders may offer all or some of their debentures or the underlying common stock from time to time we cannot estimate the amount of the debentures or the underlying common stock that will be held by the selling securityholders upon the termination of any particular offering. See "Plan of Distribution."

None of the named selling securityholders nor any of their affiliates, officers, directors or principal equity holders has held any position or office or has had any material relationship with us within the past three years.

## PLAN OF DISTRIBUTION

We will not receive any of the proceeds of the sale of the debentures and the underlying common stock offered by this prospectus. The aggregate proceeds to the selling securityholders from the sale of the debentures or underlying common stock will be the purchase price of the debentures or underlying common stock less any discounts and commissions. A selling securityholder reserves the right to accept and, together with their agents, to reject, any proposed purchase of debentures or common stock to be made directly or through agents.

The debentures and the underlying common stock may be sold from time to time to purchasers:

- directly by the selling securityholders and their successors, which includes their transferees, pledgees or donees or their successors, or
- through underwriters, broker-dealers or agents who may receive compensation in the form of discounts, concessions or commissions from the selling securityholders or the purchasers of the debentures and the underlying common stock. These discounts, concessions or commissions may be in excess of those customary in the types of transactions involved.

The selling securityholders and any underwriters, broker-dealers or agents who participate in the distribution of the debentures and the underlying common stock may be deemed to be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any selling securityholder which is a broker-dealer or an affiliate of a broker-dealer will be deemed to be an “underwriter” within the meaning of Section 2(11) of the Securities Act, unless such selling securityholder purchased in the ordinary course of business, and at the time of its purchase of the debentures to be resold, did not have any agreements or understandings, directly or indirectly, with any person to distribute the debentures. As a result, any profits on the sale of the debentures and the underlying common stock by selling securityholders who are deemed to be underwriters and any discounts, commissions or concessions received by any such broker-dealers or agents who are deemed to be underwriters will be deemed to be underwriting discounts and commissions under the Securities Act. Selling securityholders who are deemed to be “underwriters” within the meaning of Section 2(11) of the Securities Act will be subject to prospectus delivery requirements of the Securities Act and to certain statutory liabilities, including, but not limited to, those relating to Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Exchange Act. To our knowledge, none of the selling securityholders who are broker-dealers or affiliates of broker-dealers, other than the initial purchasers, purchased the debentures outside of the ordinary course of business or, at the time of the purchase of the debentures, had any agreements or understandings, directly or indirectly, with any person to distribute the debentures.

If the debentures and the underlying common stock are sold through underwriters or broker-dealers, the selling securityholders will be responsible for underwriting discounts or commissions or agent’s commissions.

The debentures and the underlying common stock may be sold in one or more transactions at:

- fixed prices;
- prevailing market prices at the time of sale;
- prices related to such prevailing market prices;
- varying prices determined at the time of sale; or
- negotiated prices.

These sales may be effected in transactions

- on any national securities exchange or quotation service on which the debentures and underlying common stock may be listed or quoted at the time of the sale, including the New York Stock Exchange in the case of the common stock;
- in the over-the-counter market;

## Table of Contents

- in transactions otherwise than on such exchanges or services or in the over-the-counter market; or
- through the writing of options, whether such options are listed on an options exchange or otherwise through the settlement of short sales.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade.

In connection with sales of the debentures and the underlying common stock or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers or other financial institutions. These broker-dealers or other financial institutions may in turn engage in short sales of the debentures or the underlying common stock in the course of hedging their positions. The selling securityholders may also (1) sell the debentures and underlying common stock short and deliver debentures and the underlying common stock to close out short positions, or (2) loan or pledge debentures or the underlying common stock to broker-dealers that in turn may sell the debentures and the underlying common stock.

A short sale of the debentures or the underlying common stock by a broker-dealer, financial institution or selling securityholder would involve the sale of such debentures or underlying common stock that are not owned, and therefore must be borrowed, in order to make delivery of the security in connection with such sale. In connection with a short sale of the debentures or the underlying common stock, a broker-dealer, financial institution or selling securityholder may purchase the debentures or our common stock on the open market to cover positions created by short sales. In determining the source of the debentures or shares of common stock to close out such short positions, the broker-dealer, financial institution or selling securityholders may consider, among other things, the price of shares of the debentures or common stock available for purchase in the open market.

At the time a particular offering of the securities is made, if required, a prospectus supplement will be distributed, which will set forth the names of the selling securityholders, the aggregate amount and type of securities being offered and the terms of the offering, including, to the extent required, (1) the name or names of any underwriters, broker-dealers or agents, (2) any discounts, commissions and other terms constituting compensation from the selling securityholders and (3) any discounts, commissions or concessions allowed or reallocated to be paid to broker-dealers.

To our knowledge, there are currently no plans, arrangements or understandings between any selling securityholder and any underwriter, broker-dealer or agent regarding the sale of the debentures and the underlying common stock by the selling securityholders.

Our common stock trades on the New York Stock Exchange under the symbol "LMT". We do not intend to apply for listing of the debentures on any securities exchange or for quotation through NASDAQ. Accordingly, no assurances can be given as to the development of liquidity or any trading market for the debentures. See "Risk Factors—Risks related to the Debentures."

We cannot assure you that any selling securityholder will sell any or all of the debentures or the underlying common stock with this prospectus. Further, we cannot assure you that any such selling securityholder will not transfer, devise or gift the debentures and the underlying common stock by other means not described in this prospectus. In addition, any debentures or underlying common stock covered by this prospectus that qualify for sale under Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A rather than under this prospectus. The debentures and the underlying common stock may be sold in some states only through registered or licensed brokers or dealers. In addition, in some states the debentures and underlying common stock may not be sold unless they have been registered or qualified for sale or the sale is entitled to an exemption from registration.

The selling securityholders and any other person participating in the sale of debentures or the underlying common stock will be subject to the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the debentures and the underlying common stock by the selling securityholders and any other such person. In addition, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the debentures and the underlying common stock to engage in market-making activities with respect to the particular debentures and the underlying common stock being distributed for a period of up to five business days before the commencement of such distribution. This may affect



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[Table of Contents](#)

the marketability of the debentures and the underlying common stock and the ability of any person or entity to engage in market-making activities with respect to the debentures and the underlying common stock.

Under the registration rights agreement filed as an exhibit to the registration statement of which this prospectus is a part, we and the selling securityholders will be indemnified by the other against certain liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection with these liabilities.

We have agreed to pay substantially all of the expenses incidental to the registration, offering and sale of the debentures and underlying common stock to the public other than commissions, fees and discounts of underwriters, brokers, dealers and agents.

**LEGAL MATTERS**

King & Spalding LLP, our outside counsel, will issue opinions about the legality of the debentures and underlying common stock offered by this prospectus.

**INDEPENDENT AUDITORS**

The consolidated financial statements of Lockheed Martin Corporation, incorporated by reference in this registration statement on Form S-3 and related prospectus from Lockheed Martin Corporation's Annual Report on Form 10-K for the year ended December 31, 2002, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon incorporated herein by reference.

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

**Item 14. Other Expenses of Issuance and Distribution.**

The following table sets forth the expenses expected to be incurred in connection with the offerings described in this Registration Statement.

SEC registration fee	\$ 80,900
Legal fees and expenses*	300,000
Trustee fees and expenses*	30,000
Accounting fees and expenses*	300,000
Blue Sky and Legal Investment fees and expenses*	—
Printing fees and expenses*	175,000
Rating Agency fees*	420,000
Miscellaneous*	50,000
	<hr/>
Total	\$ 1,355,900

\* Estimated pursuant to instruction to Item 511 of Regulation S-K.

**Item 15. Indemnification of Directors and Officers.**

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

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

**Item 16. Exhibits and Financial Statement Schedules.**

**Exhibit**

**Number**

4.1	—	Registration Rights Agreement, dated August 13, 2003, by and between the Corporation and the Representatives of the Initial Purchasers.
4.2	—	Charter of the Corporation, incorporated by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K/A filed with the Commission on July 22, 2003.
4.3	—	Bylaws of the Corporation, as amended.
4.4	—	Indenture dated as of August 13, 2003, by and between the Corporation and The Bank of New York, as Trustee.
4.5	—	Form of Floating Rate Convertible Senior Debenture due 2033 (included as Exhibit A in Exhibit 4.4).
5	—	Opinion of King & Spalding LLP regarding legality.
8	—	Opinion of King & Spalding LLP regarding tax matters.
12	—	Computations of ratios of earnings to fixed charges.
23.1	—	Consent of Ernst & Young LLP, Independent Auditors.
23.2	—	Consents of King & Spalding LLP (included in Exhibits 5 and 8).
24	—	Powers of attorney.
25	—	Statement of Eligibility of the Trustee on Form T-1.

**Item 17. Undertakings.**

(a) The undersigned registrant hereby undertakes:

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

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

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement;

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

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

[Table of Contents](#)

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the undersigned Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Bethesda, state of Maryland, on August 28, 2003.

LOCKHEED MARTIN CORPORATION

By: /s/ Anthony G. Van Schaick

Name: Anthony G. Van Schaick  
Title: Vice President & Treasurer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
* _____ Vance D. Coffman	Chairman and Chief Executive Officer and Director (Principal Executive Officer)	August 28, 2003
* _____ Christopher E. Kubasik	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	August 28, 2003
* _____ Rajeev Bhalla	Vice President and Controller (Principal Accounting Officer)	August 28, 2003

The Registration Statement has also been signed on the date indicated by the following directors, who constitute a majority of the Board of Directors:

E.C. Pete Aldridge, Jr.*	Frank Savage*
Nolan D. Archibald*	Anne Stevens*
Norman R. Augustine*	Robert J. Stevens*
Marcus C. Bennett*	James R. Ukropina*
Vance D. Coffman*	
Gwendolyn S. King*	
Douglas H. McCorkindale*	
Eugene F. Murphy*	
Joseph W. Ralston*	

\*By: /s/ David A. Dedman August 28, 2003

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David A. Dedman  
(Attorney-in-fact\*\*)

\*\*By authority of Powers of Attorney filed with this Registration Statement

**EXHIBIT INDEX**

<b>Number</b>	<b>Description</b>
4.1	Registration Rights Agreement, dated August 13, 2003, by and between the Corporation and the Representatives of the Initial Purchasers.
4.2	Charter of the Corporation, incorporated by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K/A filed with the Commission on July 22, 2003.
4.3	Bylaws of the Corporation, as amended.
4.4	Indenture dated as of August 13, 2003, by and between the Corporation and The Bank of New York, as Trustee.
4.5	Form of Floating Rate Convertible Senior Debenture due 2033 (included as Exhibit A in Exhibit 4.4).
5	Opinion of King & Spalding LLP regarding legality.
8	Opinion of King & Spalding LLP regarding tax matters.
12	Computations of ratios of earnings to fixed charges.
23.1	Consent of Ernst & Young LLP, Independent Auditors.
23.2	Consent of King & Spalding LLP (included in Exhibits 5 and 8).
24	Powers of attorney.
25	Statement of Eligibility of the Trustee on Form T-1.

Lockheed Martin Corporation  
Floating Rate Convertible Senior Debentures due 2033  
Registration Rights Agreement

August 13, 2003

Citigroup Global Markets Inc.

Goldman, Sachs & Co. and

J.P. Morgan Securities Inc.

As representatives of the several Purchasers

named in Schedule I to the Purchase Agreement

c/o Goldman, Sachs & Co.

85 Broad Street

New York, New York 10004

Ladies and Gentlemen:

Lockheed Martin Corporation, a Maryland corporation (the "Company"), proposes to issue and sell to the Purchasers (as defined herein) upon the terms set forth in the Purchase Agreement (as defined herein) its Floating Rate Convertible Senior Debentures due 2033 (the "Securities"). As an inducement to the Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Purchasers thereunder, the Company agrees with the Purchasers for the benefit of Holders (as defined herein) from time to time of the Registrable Securities (as defined herein) as follows:

1. Definitions.

(a) Capitalized terms used herein without definition shall have the meanings ascribed to them in the Purchase Agreement. As used in this Agreement, the following defined terms shall have the following meanings:

"Additional Interest" has the meaning assigned thereto in Section 7(a) hereof.

"Affiliate" of any specified person means any other person which, directly or indirectly, is in control of, is controlled by, or is under common control with such specified person. For purposes of this definition, control of a person means the power, direct or indirect, to direct or cause the direction of the management and policies of such person whether by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Closing Date" means the First Time of Delivery as defined in the Purchase Agreement.

"Commission" means the United States Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

"DTC" means The Depository Trust Company.

"Effective Failure" has the meaning assigned thereto in Section 7(b) hereof.

"Effectiveness Period" has the meaning assigned thereto in Section 2(b)(i) hereof.

"Effective Time" means the time at which the Commission declares the Shelf Registration Statement effective or at which the Shelf Registration Statement otherwise becomes effective.

"Electing Holder" has the meaning assigned thereto in Section 3(a)(iii) hereof.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Holder" means any person that is the record owner of Registrable Securities (and includes any person that has a beneficial interest in any Registrable Security in book-entry form).

"Indenture" means the Indenture, dated as of August 13, 2003, between the Company and The Bank of New York, as amended and supplemented from time to time in accordance with its terms.

"Managing Underwriters" means the investment banker or investment bankers and manager or managers that shall administer an underwritten offering, if any, conducted pursuant to Section 6 hereof.

"NASD Rules" means the Rules of the National Association of Securities Dealers, Inc., as amended from time to time.

"Notice and Questionnaire" means a Selling Securityholder Notice and Questionnaire substantially in the form of Annex A to the Offering Memorandum dated August 7, 2003 relating to the offering of the Securities.

The term "person" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prospectus" means the prospectus (including, without limitation, any preliminary prospectus, any final prospectus and any prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A under the Securities Act) included in the Shelf Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by the Shelf Registration Statement and by all other amendments and supplements to such prospectus, including all material incorporated by reference in such prospectus and all documents filed after the date of such prospectus by the Company under the Exchange Act and incorporated by reference therein.

"Purchase Agreement" means the purchase agreement, dated as of August 7, 2003 between the Purchasers and the Company relating to the Securities.



"Purchasers" means the Purchasers named in Schedule I to the Purchase Agreement.

"Registrable Securities" means all or any portion of the Securities issued from time to time under the Indenture in registered form and the shares of Stock issuable upon conversion of such Securities; provided, however, that a security ceases to be a Registrable Security when it is no longer a Restricted Security.

"Registration Default" has the meaning assigned thereto in Section 7(a) hereof.

"Restricted Security" means any Security or share of Stock issuable upon conversion thereof, except any such Security or share of Stock that (i) has been effectively registered under the Securities Act and sold in a manner contemplated by the Shelf Registration Statement, (ii) has been transferred in compliance with Rule 144 under the Securities Act (or any successor provision thereto) or is transferable pursuant to paragraph (k) of such Rule 144 (or any successor provision thereto) or (iii) has otherwise been transferred and a new Security or share of Stock not subject to transfer restrictions under the Securities Act has been delivered by or on behalf of the Company in accordance with Section 2.05 of the Indenture.

"Rules and Regulations" means the published rules and regulations of the Commission promulgated under the Securities Act or the Exchange Act, as in effect at any relevant time.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Shelf Registration" means a registration effected pursuant to Section 2 hereof.

"Shelf Registration Statement" means a "shelf" registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or delayed basis by the Holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission, filed by the Company pursuant to the provisions of Section 2 of this Agreement, including the Prospectus contained therein, any amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

"Stock" means the Company's common stock, par value \$1.00 per share.

"Trust Indenture Act" means the Trust Indenture Act of 1939, or any successor thereto, and the rules, regulations and forms promulgated thereunder, as the same shall be amended from time to time.

The term "underwriter" means any underwriter of Registrable Securities in connection with an offering thereof under a Shelf Registration Statement.

(b) Wherever there is a reference in this Agreement to a percentage of the "principal amount" of Registrable Securities or to a percentage of Registrable Securities, Stock shall be treated as representing the principal amount of Securities that was surrendered for conversion or exchange in order to receive such number of shares of Stock.

## 2. Shelf Registration.

(a) The Company shall, no later than 90 calendar days following the Closing Date, file with the Commission a Shelf Registration Statement relating to the offer and sale of the Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by such Holders and set forth in such Shelf Registration Statement and, thereafter, shall use its reasonable best efforts to cause such Shelf Registration Statement to be declared effective under the Securities Act no later than 180 calendar days following the Closing Date; provided, however, that the Company may, upon written notice to all Holders, postpone having the Shelf Registration Statement declared effective for a reasonable period not to exceed 90 days if the Company possesses material non-public information, the disclosure of which would have a material adverse effect on the Company and its subsidiaries taken as a whole; provided, further, however, that no Holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement or to use the Prospectus forming a part thereof for resales of Registrable Securities unless such Holder is an Electing Holder.

(b) The Company shall use its reasonable best efforts:

(i) to keep the Shelf Registration Statement continuously effective under the Securities Act in order to permit the Prospectus forming a part thereof to be usable by Holders until the earlier of (1) the sale of all Registrable Securities registered under the Shelf Registration Statement and (2) the expiration of the holding period with respect to Registrable Securities under Rule 144(k) under the Securities Act (the period from the Effective Time until the earlier of (1) and (2) above, the "Effectiveness Period"); and

(ii) after the Effective Time of the Shelf Registration Statement as promptly as practicable following the request of any Holder of Registrable Securities that is not then an Electing Holder, to take any action reasonably necessary to enable such Holder to use the Prospectus forming a part thereof for resales of Registrable Securities, including, without limitation, any action necessary to identify such Holder as a selling securityholder in the Shelf Registration Statement; provided, however, that nothing in this subparagraph shall relieve such Holder of the obligation to return a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(a)(ii) hereof.

The Company shall be deemed not to have used its reasonable best efforts to keep the Shelf Registration Statement effective during the requisite period if the Company voluntarily takes any action that would result in Holders of Registrable Securities covered thereby not being able to offer and sell any of such Registrable Securities during that period, unless such action is (A) required by applicable law and the Company thereafter promptly complies with the requirements of paragraph 3(j) below or (B) permitted pursuant to Section 2(c) below.

(c) The Company may suspend the use of the Prospectus for a period not to exceed an aggregate of 90 days in any 12-month period if the Board of Directors, the Chief Executive Officer, the Chief Operating Officer or the Chief Financial Officer of the Company shall have determined in good faith that because of valid business reasons (not including avoidance of the Company's obligations hereunder), including the acquisition or divestiture of assets, a merger, consolidation, share exchange or other business combination (including pending discussions concerning a transaction of the foregoing types), pending corporate developments and similar events, it is in the best interests of the Company to suspend such use, and prior to or contemporaneous with suspending such use the Company provides the Holders with written

notice of such suspension, which notice shall not specify the nature of the event giving rise to such suspension.

3. Registration Procedures. In connection with the Shelf Registration Statement, the following provisions shall apply:

(a) (i) Not less than 30 calendar days prior to the Effective Time of the Shelf Registration Statement, the Company shall mail the Notice and Questionnaire to the Holders of Registrable Securities along with notice of the fact that the Company has filed or intends to file the Shelf Registration Statement with the Commission. No Holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement as of the Effective Time, and no Holder shall be entitled to use the Prospectus forming a part thereof for resales of Registrable Securities at any time, unless such Holder has returned a completed and signed Notice and Questionnaire to the Company at least five Business Days prior to the Effective Time; provided, however, that Holders of Registrable Securities shall have at least 28 calendar days from the date on which the Notice and Questionnaire is first mailed to such Holders to return a completed and signed Notice and Questionnaire to the Company.

(ii) After the Effective Time of the Shelf Registration Statement, the Company shall, upon the request of any Holder of Registrable Securities that is not then an Electing Holder, promptly send a Notice and Questionnaire to such Holder. The Company shall not be required to take any action to name such Holder as a selling securityholder in the Shelf Registration Statement or to enable such Holder to use the Prospectus forming a part thereof for resales of Registrable Securities until such Holder has returned a completed and signed Notice and Questionnaire to the Company.

(iii) The term "Electing Holder" shall mean any Holder of Registrable Securities that has returned a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(a)(i) or 3(a)(ii) hereof.

(b) The Company shall furnish to each Electing Holder, prior to the Effective Time, a copy of the Shelf Registration Statement initially filed with the Commission, and shall furnish to such Holders, prior to the filing thereof with the Commission, copies of each amendment thereto and each amendment or supplement, if any, to the Prospectus included therein (other than amendments or supplements adding other Holders as Electing Holders or otherwise affecting other Holders only), and shall use its reasonable best efforts to reflect in each such document, or in a subsequent filing, at the Effective Time or when so filed with the Commission, as the case may be, such comments as such Holders and their respective counsel reasonably may propose.

(c) The Company shall promptly take such action as may be necessary so that (i) each of the Shelf Registration Statement and any amendment thereto and the Prospectus forming a part thereof and any amendment or supplement thereto (and each report or other document incorporated therein by reference in each case) complies in all material respects with the Securities Act and the Exchange Act and the respective rules and regulations thereunder, (ii) each of the Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) each of the Prospectus forming a part of the Shelf Registration Statement, and any amendment or supplement to such Prospectus, does not at any time during the Effectiveness Period include an untrue statement of a material fact or omit to state a material fact necessary

in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Company shall promptly advise each Electing Holder, and shall confirm such advice in writing if so requested by any such Electing Holder:

(i) when a Shelf Registration Statement and any amendment thereto has been filed with the Commission and when a Shelf Registration Statement or any post-effective amendment thereto has become effective, in each case by making a public announcement thereof by release made to Reuters Economic Services and Bloomberg Business News;

(ii) of any request by the Commission for amendments or supplements to the Shelf Registration Statement or the Prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of any proceedings for such purpose;

(iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the securities included in the Shelf Registration Statement for sale in any jurisdiction or the initiation of any proceeding for such purpose; and

(v) subject to the limitations of Section 2(c) hereof, of the occurrence of any event or the existence of any state of facts that requires the making of any changes in the Shelf Registration Statement or the Prospectus included therein so that, as of such date, such Shelf Registration Statement and Prospectus do not contain an untrue statement of a material fact and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading (which advice shall be accompanied by an instruction to such Holders to suspend the use of the Prospectus until the requisite changes have been made).

(e) The Company shall use its reasonable best efforts to prevent the issuance, and if issued to obtain the withdrawal at the earliest possible time, of any stop order suspending the effectiveness of the Shelf Registration Statement.

(f) The Company shall furnish to each Electing Holder, without charge, at least one copy of the Shelf Registration Statement and all post-effective amendments thereto, including financial statements and schedules.

(g) The Company shall, during the Effectiveness Period, deliver to each Electing Holder, without charge, as many copies of the Prospectus (including each preliminary Prospectus) included in the Shelf Registration Statement and any amendment or supplement thereto (other than amendments or supplements adding other Holders as Electing Holders or otherwise affecting other Holders only) as such Electing Holder may reasonably request; and the Company consents (except during the periods specified in Section 2(c) above or during the continuance of any event or the existence of any state of facts described in Section 3(d)(v)

above) to the use of the Prospectus and any amendment or supplement thereto by each of the Electing Holders in connection with the offering and sale of the Registrable Securities covered by the Prospectus and any amendment or supplement thereto during the Effectiveness Period.

(h) Prior to any offering of Registrable Securities pursuant to the Shelf Registration Statement, the Company shall (i) register or qualify or cooperate with the Electing Holders and their respective counsel in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or "blue sky" laws of such jurisdictions within the United States as any Electing Holder may reasonably request, (ii) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers and sales in such jurisdictions for so long as may be necessary to enable any Electing Holder or underwriter, if any, to complete its distribution of Registrable Securities pursuant to the Shelf Registration Statement, and (iii) take any and all other actions necessary or advisable to enable the disposition in such jurisdictions of such Registrable Securities; provided, however, that in no event shall the Company be obligated to (A) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to so qualify but for this Section 3(h) or (B) file any general consent to service of process in any jurisdiction where it is not as of the date hereof so subject.

(i) Unless any Registrable Securities shall be in book-entry only form, the Company shall cooperate with the Electing Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold pursuant to the Shelf Registration Statement, which certificates, if so required by any securities exchange upon which any Registrable Securities are listed, shall be penned, lithographed or engraved, or produced by any combination of such methods, on steel engraved borders, and which certificates shall be free of any restrictive legends and in such permitted denominations and registered in such names as Electing Holders may request in connection with the sale of Registrable Securities pursuant to the Shelf Registration Statement.

(j) Upon the occurrence of any event or the existence of any state of facts contemplated by paragraph 3(d)(v) above, the Company shall promptly prepare a post-effective amendment to any Shelf Registration Statement or an amendment or supplement to the related Prospectus or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Electing Holders of the occurrence of any event or the existence of any state of facts contemplated by paragraph 3(d)(v) above, the Electing Holder shall suspend use of the Prospectus until the requisite changes to the Prospectus have been made.

(k) Not later than the Effective Time of the Shelf Registration Statement, the Company shall provide a CUSIP number for the Registrable Securities that are debt securities.

(l) The Company shall use its reasonable best efforts to comply with all applicable Rules and Regulations, and to make generally available to its securityholders as soon as practicable, after (i) the effective date (as defined in Rule 158(c) under the Securities Act) of the Shelf Registration Statement, (ii) the effective date of each post-effective amendment to the Shelf Registration Statement, and (iii) the date of each filing by the Company with the Commission of an Annual Report on Form 10-K that is incorporated by reference in the Shelf

Registration Statement, an earnings statement of the Company and its subsidiaries complying with Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158).

(m) Not later than the Effective Time of the Shelf Registration Statement, the Company shall cause the Indenture to be qualified under the Trust Indenture Act; in connection with such qualification, the Company shall cooperate with the Trustee under the Indenture and the Holders (as defined in the Indenture) to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the Trust Indenture Act; and the Company shall execute, and shall use all reasonable efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner. In the event that any such amendment or modification referred to in this Section 3(m) involves the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(n) In the event of an underwritten offering conducted pursuant to Section 6 hereof, the Company shall, if requested, promptly include or incorporate in a Prospectus supplement or post-effective amendment to the Shelf Registration Statement such information as the Managing Underwriters reasonably agree should be included therein and to which the Company does not reasonably object and shall make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after it is notified of the matters to be included or incorporated in such Prospectus supplement or post-effective amendment.

(o) The Company shall enter into such customary agreements (including an underwriting agreement in customary form in the event of an underwritten offering conducted pursuant to Section 6 hereof) and take all other appropriate action in order to expedite and facilitate the registration and disposition of the Registrable Securities, and in connection therewith, if an underwriting agreement is entered into, cause the same to contain indemnification provisions and procedures substantially identical to those set forth in Section 5 hereof with respect to all parties to be indemnified pursuant to Section 5 hereof.

(p) The Company shall:

(i)(A) make reasonably available for inspection by any underwriter participating in any disposition pursuant to the Shelf Registration Statement, and any attorney, accountant or other agent retained by any such underwriter all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and (B) cause the Company's officers, directors and employees to supply all information reasonably requested by any such underwriter, attorney, accountant or agent in connection with the Shelf Registration Statement, in each case, as is customary for similar due diligence examinations; provided, however, that all records, information and documents that are designated in writing by the Company, in good faith, as confidential shall be kept confidential by any such underwriter, attorney, accountant or agent, unless such disclosure is made in connection with a court proceeding or required by law, or such records, information or documents become available to the public generally or through a third party without an accompanying obligation of confidentiality;

(ii) in connection with any underwritten offering conducted pursuant to Section 6 hereof, make such representations and warranties to the Electing Holders

participating in such underwritten offering and to the Managing Underwriters, in form, substance and scope as are customarily made by the Company to underwriters in primary underwritten offerings of convertible debt securities and covering matters set forth in the Purchase Agreement, it being understood and agreed that representations and warranties comparable to those contemplated by the Purchase Agreement, as amended to reflect a registered offering, shall be satisfactory;

(iii) in connection with any underwritten offering conducted pursuant to Section 6 hereof, obtain opinions of counsel to the Company (which counsel and opinions in form, scope and substance shall be reasonably satisfactory to the Managing Underwriters, it being understood and agreed that opinions comparable to those contemplated by the Purchase Agreement, as amended to reflect a registered offering, shall be satisfactory) addressed to each Electing Holder participating in such underwritten offering and the underwriters, covering such matters as are customarily covered in opinions requested in primary underwritten offerings by the Company of convertible debt securities (it being agreed that the matters to be covered by such opinions shall include, in form, scope and substance comparable to the opinions contemplated by the Purchase Agreement, as amended to reflect a registered offering, as of the date of the opinion and as of the Effective Time of the Shelf Registration Statement or most recent post-effective amendment thereto, as the case may be, the absence from the Shelf Registration Statement and the Prospectus, including the documents incorporated by reference therein, of an untrue statement of a material fact or the omission of a material fact required to be stated therein or necessary to make the statements therein not misleading);

(iv) in connection with any underwritten offering conducted pursuant to Section 6 hereof, obtain "cold comfort" letters and updates thereof from the independent public accountants of the Company (and, if necessary, from the independent public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Shelf Registration Statement), addressed to each Electing Holder participating in such underwritten offering (if such Electing Holder has provided such letter, representations or documentation, if any, required for such "cold comfort" letter to be so addressed) and the underwriters, in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with primary underwritten offerings by the Company of convertible debt securities, it being understood and agreed that "cold comfort" letters comparable to those contemplated by the Purchase Agreement, as amended to reflect a registered offering, shall be satisfactory;

(v) in connection with any underwritten offering conducted pursuant to Section 6 hereof, deliver such documents and certificates as may be reasonably requested by any Electing Holders participating in such underwritten offering and the Managing Underwriters, if any, including, without limitation, certificates to evidence compliance with Section 3(j) hereof and with any conditions contained in the underwriting agreement or other agreements entered into by the Company, which certificates in each case shall be comparable to those required by the terms and conditions of the Purchase Agreement, as amended to reflect a registered offering.

(q) The Company will use its reasonable best efforts to cause the Stock issuable upon conversion of the Securities to be listed on the New York Stock Exchange or other stock

exchange or trading system on which the Stock primarily trades on or prior to the Effective Time of the Shelf Registration Statement hereunder.

(r) In the event that any broker-dealer registered under the Exchange Act shall be an "affiliate" (as defined in Rule 2720(b)(1) of the NASD Rules (or any successor provision thereto)) of the Company or has a "conflict of interest" (as defined in Rule 2720(b)(7) of the NASD Rules (or any successor provision thereto)) and such broker-dealer shall underwrite, participate as a member of an underwriting syndicate or selling group or assist in the distribution of any Registrable Securities covered by the Shelf Registration Statement, whether as a Holder of such Registrable Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the Company shall assist such broker-dealer in complying with the requirements of the NASD Rules, including, without limitation, by (A) engaging a "qualified independent underwriter" (as defined in Rule 2720(b)(15) of the NASD Rules (or any successor provision thereto)) to participate in the preparation of the Shelf Registration Statement, to exercise usual standards of due diligence in respect thereto and to recommend the public offering price of such Registrable Securities, (B) indemnifying such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 5 hereof, and (C) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the NASD Rules.

(s) The Company shall use its reasonable best efforts to take all other steps necessary to effect the registration of the Registrable Securities covered by the Shelf Registration Statement contemplated hereby.

4. Registration Expenses. Except as otherwise provided in Section 3, the Company shall bear all fees and expenses incurred in connection with the performance of its obligations under Sections 2, 3 and 6 hereof. Each Electing Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Electing Holder's Registrable Securities pursuant to the Shelf Registration Statement, and the fees and disbursements of its counsel and other representatives.

#### 5. Indemnification and Contribution.

(a) Indemnification by the Company. Upon the registration of the Registrable Securities pursuant to Section 2 hereof, the Company shall indemnify and hold harmless each Electing Holder and each underwriter, selling agent or other securities professional, if any, which facilitates the disposition of Registrable Securities, and each person, if any, who controls such Electing Holder, underwriter, selling agent or other securities professional within the meaning of Section 15 of the Securities Act (each such person being sometimes referred to as an "Indemnified Person") against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise solely out of or are based solely upon an untrue statement or alleged untrue statement of a material fact contained in any Shelf Registration Statement under which such Registrable Securities are to be registered under the Securities Act, or any Prospectus contained therein or furnished by the Company to any Indemnified Person, or any amendment or supplement thereto, or arise solely out of or are based solely upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company hereby agrees to reimburse such Indemnified Person for any reasonable investigation, legal and other expenses incurred in connection with, and any amount



paid in settlement of, any action, suit or proceeding or any claim asserted, provided that legal expenses relate to counsel acceptable to the Company; provided, however, that the Company shall not be liable to any such Indemnified Person in any such case to the extent that any such untrue statement or alleged untrue statement or omission or alleged omission was made in such Shelf Registration Statement or Prospectus, or amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by such Indemnified Person expressly for use therein.

(b) Indemnification by the Electing Holders and any Agents and Underwriters. Each Electing Holder agrees, as a consequence of the inclusion of any of such Electing Holder's Registrable Securities in such Shelf Registration Statement, and each underwriter, selling agent or other securities professional, if any, which facilitates the disposition of Registrable Securities shall agree, as a consequence of facilitating such disposition of Registrable Securities, severally and not jointly, to (i) indemnify and hold harmless the Company, its directors, officers and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities to which the Company or such other persons may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise solely out of or are based solely upon an untrue statement or alleged untrue statement of a material fact contained in such Shelf Registration Statement or any Prospectus contained therein, or any amendment or supplement thereto, or arise solely out of or are based solely upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Electing Holder, underwriter, selling agent or other securities professional expressly for use therein, and (ii) reimburse the Company for any reasonable investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, provided that legal expenses relate to counsel acceptable to such Electing Holder, underwriter, selling agent or other securities professional.

(c) Notices of Claims, Etc. Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under this Section 5, notify such indemnifying party in writing of the commencement thereof, enclosing a copy of all papers served; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under the indemnification provisions of or contemplated by subsection (a) or (b) above (it being understood that the omission so to notify such indemnifying party shall relieve it from any liability it may have to any indemnified party under this Section 5). In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party under this Section 5 for any legal expenses of other counsel or any other expenses, in connection with the defense thereof other than reasonable costs of investigation subsequently incurred. The indemnified party shall have the right to employ its counsel in any such action, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the

employment of counsel by such indemnified party has been authorized in writing by the indemnifying party or parties, (ii) the indemnified party shall have reasonably concluded that there may be a conflict of interest between the indemnifying party or parties and the indemnified party in the conduct of the defense of such action (in which case the indemnifying party or parties shall not have the right to direct the defense of such action on behalf of the indemnified party) or (iii) the indemnifying party or parties shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party or parties. In the event that the indemnified party retains separate counsel pursuant to clauses (i), (ii) or (iii) of the previous sentence, such counsel shall be reasonably acceptable to the indemnifying party. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder.

(d) Contribution. If the indemnification provided for in this Section 5 is unavailable to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein (other than because such indemnification by its terms does not apply), then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation (even if the Electing Holders or any underwriters, selling agents or other securities professionals or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 5(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Electing Holders and any underwriters, selling agents or other securities professionals in this Section 5(d) to contribute shall be several in proportion to the percentage of principal amount of Registrable Securities registered or underwritten, as the case may be, by them and not joint.

(e) Notwithstanding any other provision of this Section 5, in no event will any (i) Electing Holder be required to undertake liability to any person under this Section 5 for any amounts in excess of the dollar amount of the proceeds to be received by such Holder from the sale of such Holder's Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) pursuant to any Shelf Registration Statement under which such Registrable Securities are to be registered under the Securities Act and (ii) underwriter, selling agent or other securities professional be required to undertake liability to any person

hereunder for any amounts in excess of the total price at which the Registrable Securities underwritten by it were offered to the public.

(f) The obligations of the Company under this Section 5 shall be in addition to any liability which the Company may otherwise have to any Indemnified Person and the obligations of any Indemnified Person under this Section 5 shall be in addition to any liability which such Indemnified Person may otherwise have to the Company. The remedies provided in this Section 5 are not exclusive and shall not limit any rights or remedies which may otherwise be available to an indemnified party at law or in equity. The obligations of the Company under this Section 5 shall extend, upon the same terms and conditions, to each person, if any, who controls any Indemnified Person within the meaning of the Securities Act; and the obligations of the Indemnified Persons under this Section 5 shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Securities Act.

6. Underwritten Offering. Any Holder of Registrable Securities who desires to do so may sell Registrable Securities (in whole or in part) in an underwritten offering; provided that (i) the Electing Holders of at least 33-1/3% in aggregate principal amount of the Registrable Securities then covered by the Shelf Registration Statement shall request such an offering and (ii) at least such aggregate principal amount of such Registrable Securities shall be included in such offering; and provided further that no underwritten offering may be conducted without the prior agreement of the Company. Upon receipt of such a request and consent by the Company to such request, the Company shall provide all Holders of Registrable Securities written notice of the request, which notice shall inform such Holders that they have the opportunity to participate in the offering. In any such underwritten offering, the investment banker or bankers and manager or managers that will administer the offering will be selected by, and the underwriting arrangements with respect thereto (including the size of the offering) will be approved by, the holders of a majority of the Registrable Securities to be included in such offering; provided, however, that such investment bankers and managers and underwriting arrangements must be reasonably satisfactory to the Company. No Holder may participate in any underwritten offering contemplated hereby unless (a) such Holder agrees to sell such Holder's Registrable Securities to be included in the underwritten offering in accordance with any approved underwriting arrangements, (b) such Holder completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such approved underwriting arrangements, and (c) if such Holder is not then an Electing Holder, such Holder returns a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(a)(ii) hereof within a reasonable amount of time before such underwritten offering. The Holders participating in any underwritten offering shall be responsible for any underwriting discounts and commissions and fees and, subject to Section 4 hereof, expenses of their own counsel. The Company shall pay all expenses customarily borne by issuers in an underwritten offering, including but not limited to filing fees, the fees and disbursements of its counsel and independent public accountants and any printing expenses incurred in connection with such underwritten offering. Notwithstanding the foregoing or the provisions of Section 3(n) hereof, upon receipt of a request from the Managing Underwriter or a representative of holders of a majority of the Registrable Securities to be included in an underwritten offering to prepare and file an amendment or supplement to the Shelf Registration Statement and Prospectus in connection with an underwritten offering, the Company may delay the filing of any such amendment or supplement for up to 90 days if the Board of Directors, Chief Executive Officer or Chief

Financial Officer of the Company shall have determined in good faith that the Company has a bona fide business reason for such delay.

7. Additional Interest.

(a) Notwithstanding any postponement of effectiveness permitted by Section 2(a) hereof, if (i) on or prior to the 90th day following the Closing Date, a Shelf Registration Statement has not been filed with the Commission or (ii) on or prior to the 180th day following the Closing Date, such Shelf Registration Statement is not declared effective by the Commission (each, a "Registration Default"), the Company shall be required to pay additional interest on the Securities ("Additional Interest") from and including the day following such Registration Default until such Shelf Registration Statement is either so filed or so filed and subsequently declared effective, as applicable, at a rate per annum equal to an additional one-quarter of one percent (0.25%) of the principal amount of Registrable Securities to and including the 90th day following such Registration Default and one-half of one percent (0.50%) thereof from and after the 91st day following such Registration Default.

(b) In the event that (i) the Shelf Registration Statement ceases to be effective, (ii) the Company suspends the use of the Prospectus pursuant to Section 2(c) or 3(j) hereof, (iii) the Holders are not authorized to use the Prospectus pursuant to Section 3(g) hereto or (iv) the Holders are otherwise prevented or restricted by the Company from effecting sales pursuant to the Shelf Registration Statement for more than 90 days, whether or not consecutive, during any 12-month period (an "Effective Failure"), then the Company shall pay Additional Interest at a rate per annum equal to an additional one-quarter of one percent (0.25%) of the principal amount of Registrable Securities to and including the 90th day following an Effective Failure, and one-half of one percent (0.50%) thereof from and after the 91st day following such Effective Failure, in each case until the earlier of (1) the time the Holders of Registrable Securities are again able to make sales under the Shelf Registration Statement or (2) the expiration of the Effectiveness Period; provided, however, that such Additional Interest shall be payable only to Holders of Registrable Securities that have delivered a timely and properly completed Notice and Questionnaire.

(c) Any amounts to be paid as Additional Interest pursuant to paragraphs (a) or (b) of this Section 7 shall be paid in cash semi-annually in arrears, with the first semi-annual payment due on the first Interest Payment Date (as defined in the Indenture), as applicable, following the date of such Registration Default or Effective Failure, as applicable. Such Additional Interest will accrue at the rates set forth in paragraphs (a) or (b) of this Section 7, as applicable, on the principal amount of the Securities.

(d) Except as provided in Section 8(b) hereof, the Additional Interest as set forth in this Section 7 shall be the exclusive monetary remedy available to the Holders of Registrable Securities for such Registration Default or Effective Failure. In no event shall the Company be required to pay Additional Interest in excess of the applicable maximum amount of one-half of one percent (0.50%) set forth above, regardless of whether one or multiple Registration Defaults or Effective Failures exist.

8. Miscellaneous.

(a) Other Registration Rights. The Company may grant registration rights that would permit any person that is a third party the right to piggy-back on any Shelf Registration Statement, provided that if the Managing Underwriter of any underwritten offering conducted

pursuant to Section 6 hereof notifies the Company and the Electing Holders that the total amount of securities which the Electing Holders and the holders of such piggy-back rights intend to include in any Shelf Registration Statement is so large as to materially threaten the success of such offering (including the price at which such securities can be sold), then the amount, number or kind of securities to be offered for the account of holders of such piggy-back rights will be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount, number and kind recommended by the Managing Underwriter prior to any reduction in the amount of Registrable Securities to be included in such Shelf Registration Statement.

(b) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations hereunder and that the Purchasers and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that the Purchasers and such Holders, in addition to any other remedy to which they may be entitled at law or in equity and without limiting the remedies available to the Electing Holders under Section 7 hereof, shall be entitled to compel specific performance of the obligations of the Company under this Agreement in accordance with the terms and conditions of this Agreement, in any court of the United States or any State thereof having jurisdiction.

(c) Amendments and Waivers. This Agreement, including this Section 8(c), may be amended, and waivers or consents to departures from the provisions hereof may be given, only by a written instrument duly executed by the Company and the holders of a majority in aggregate principal amount of Registrable Securities then outstanding; provided, however, that no change to the timing or amount of Additional Interest may be made without the consent of all holders of Registrable Securities. Each Holder of Registrable Securities outstanding at the time of any such amendment, waiver or consent or thereafter shall be bound by any amendment, waiver or consent effected pursuant to this Section 8(c), whether or not any notice, writing or marking indicating such amendment, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(d) Notices. All notices and other communications provided for or permitted hereunder shall be given as provided in the Indenture.

(e) Parties in Interest. The parties to this Agreement intend that all Holders of Registrable Securities shall be entitled to receive the benefits of this Agreement and that any Electing Holder shall be bound by the terms and provisions of this Agreement by reason of such election with respect to the Registrable Securities which are included in a Shelf Registration Statement. All the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and assigns of the parties hereto and any Holder from time to time of the Registrable Securities to the aforesaid extent. In the event that any transferee of any Holder of Registrable Securities shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, without any further writing or action of any kind, be entitled to receive the benefits of and, if an Electing Holder, be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement to the aforesaid extent.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be

deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(i) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

(j) Survival. The respective indemnities, agreements, representations, warranties and other provisions set forth in this Agreement or made pursuant hereto shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Electing Holder, any director, officer or partner of such Holder, any agent or underwriter, any director, officer or partner of such agent or underwriter, or any controlling person of any of the foregoing, and shall survive the transfer and registration of the Registrable Securities of such Holder.

Please confirm that the foregoing correctly sets forth the agreement between the Company and you.

Very truly yours,

Lockheed Martin Corporation

By: /s/ Anthony G. Van Schaick

-----  
Name: Anthony G. Van Schaick  
Title: Vice President and Treasurer

Accepted as of the date hereof:

Citigroup Global Markets Inc.

By: /s/ Stephen Edelman

-----  
Name: Stephen Edelman  
Title: Director

Goldman, Sachs & Co.

By: /s/ Goldman, Sachs & Co.

-----  
(Goldman, Sachs & Co.)

J.P. Morgan Securities Inc.

By: /s/ Robert M. Osieski

-----  
Name: Robert M. Osieski  
Title: Vice President

On behalf of each of the Purchasers

L O C K H E E D M A R T I N C O R P O R A T I O N

B Y - L A W S

Adopted August 26, 1994  
(Amended February 6, 1995)  
(Amended April 27, 1995)  
(Amended September 28, 1995)  
(Amended January 1, 1996)  
(Amended January 7, 1996)  
(Amended April 25, 1996)  
(Amended January 23, 1997)  
(Amended September 25, 1997)  
(Amended October 23, 1997)  
(Amended January 22, 1998)  
(Amended June 26, 1998)  
(Amended July 23, 1998)  
(Amended April 22, 1999)  
(Amended October 28, 1999)  
(Amended February 24, 2000)  
(Amended June 14, 2000)  
(Amended April 24, 2003)  
(Amended August 7, 2003)



TABLE OF CONTENTS  
BYLAWS  
OF  
LOCKHEED MARTIN CORPORATION

ARTICLE I  
STOCKHOLDERS

Section 1.01.	Annual Meetings .....	1
Section 1.02.	Special Meetings .....	1
Section 1.03.	Place of Meetings .....	1
Section 1.04.	Notice of Meetings .....	1
Section 1.05.	Conduct of Meetings .....	2
Section 1.06.	Quorum .....	2
Section 1.07.	Votes Required .....	2
Section 1.08.	Proxies .....	2
Section 1.09.	List of Stockholders .....	2
Section 1.10.	Inspectors of Election .....	2
Section 1.11.	Director Nominations and Stockholder Business.....	3

ARTICLE II  
BOARD OF DIRECTORS

Section 2.01.	Powers .....	5
Section 2.02.	Number of Directors .....	5
Section 2.03.	Election of Directors .....	5
Section 2.04.	Chairman of the Board .....	6
Section 2.05.	Removal .....	6
Section 2.06.	Vacancies .....	6
Section 2.07.	Regular Meetings .....	6
Section 2.08.	Special Meetings .....	6
Section 2.09.	Notice of Meetings .....	6
Section 2.10.	Presence at Meeting .....	7
Section 2.11.	Presiding Officer and Secretary at Meetings.....	7
Section 2.12.	Quorum .....	7
Section 2.13.	Compensation .....	7
Section 2.14.	Voting of Shares by Certain Holders .....	7

TABLE OF CONTENTS  
(Continued)

ARTICLE III  
COMMITTEES

Section 3.01.	Executive Committee .....	8
Section 3.02.	Strategic Affairs and Finance Committee .....	8
Section 3.03.	Audit & Ethics Committee .....	8
Section 3.04(a)	Management Development and Compensation Committee .....	9
Section 3.04(b)	Stock Option Subcommittee. ....	11
Section 3.05.	Nominating and Corporate Governance Committee .....	11
Section 3.06.	Other Committees .....	12
Section 3.07.	Meetings of Committees .....	12

ARTICLE IV  
OFFICERS

Section 4.01.	Executive Officers -- Election and Term of Office .....	12
Section 4.02.	Chairman of the Board .....	13
Section 4.03.	President .....	13
Section 4.04.	Vice Presidents .....	13
Section 4.05.	Secretary .....	13
Section 4.06.	Treasurer .....	13
Section 4.07.	Subordinate Officers .....	14
Section 4.08.	Other Officers and Agents .....	14
Section 4.09.	When Duties of an Officer May Be Delegated .....	14
Section 4.10.	Officers Holding Two or More Offices .....	14
Section 4.11.	Compensation .....	14
Section 4.12.	Resignations .....	14
Section 4.13.	Removal .....	14

ARTICLE V  
STOCK

Section 5.01.	Certificates .....	14
Section 5.02.	Transfer of Shares .....	15
Section 5.03.	Transfer Agents and Registrars .....	15
Section 5.04.	Stock Ledgers .....	15
Section 5.05.	Record Dates .....	15
Section 5.06.	New Certificates .....	15

TABLE OF CONTENTS  
(Continued)

ARTICLE VI  
INDEMNIFICATION

Section 6.01.	Indemnification of Directors, Officers, and Employees .....	16
Section 6.02.	Standard .....	16
Section 6.03.	Advance Payment of Expenses .....	16
Section 6.04.	General .....	17

ARTICLE VII  
SUNDRY PROVISIONS

Section 7.01.	Seal .....	17
Section 7.02.	Voting of Stock in other Corporations .....	17
Section 7.03.	Amendments .....	17

BYLAWS  
OF  
LOCKHEED MARTIN CORPORATION

(Incorporated under the laws of Maryland, August 26, 1994, and herein referred to as the "Corporation")

ARTICLE I  
STOCKHOLDERS

Section 1.01. ANNUAL MEETINGS. The Corporation shall hold an annual meeting of stockholders for the election of directors and the transaction of any business within the powers of the Corporation at such date during the month of April in each year as shall be determined by the Board of Directors. Subject to Article I, Section 1.11 of these Bylaws, any business of the Corporation may be transacted at such annual meeting. Failure to hold an annual meeting at the designated time shall not, however, invalidate the corporate existence or affect otherwise valid corporate acts.

Section 1.02. SPECIAL MEETINGS. At any time in the interval between annual meetings, special meetings of the stockholders may be called by the Chairman of the Board, Chief Executive Officer, or by the Board of Directors or by the Executive Committee by vote at a meeting or in writing with or without a meeting. Special meetings of stockholders shall also be called by the Secretary of the Corporation on the written request of stockholders entitled to cast at least a majority of all the votes entitled to be cast at the meeting.

Section 1.03. PLACE OF MEETINGS. All meetings of stockholders shall be held at such place within the United States as may be designated in the notice of meeting.

Section 1.04. NOTICE OF MEETINGS. Not less than thirty (30) days nor more than ninety (90) days before the date of every stockholders' meeting, the Secretary shall give to each stockholder entitled to vote at such meeting and each other stockholder entitled to notice of the meeting, written or printed notice stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, either by mail or by presenting it to him or her personally or by leaving it at his or her residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at his or her post office address as it appears on the records of the Corporation, with postage thereon prepaid. Notwithstanding the foregoing provision for notice, a waiver of notice in writing, signed by the person or persons entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting in person or by proxy, shall be deemed equivalent to the giving of such notice to such

persons. Any meeting of stockholders, annual or special, may adjourn from time to time without further notice to a date not more than one hundred twenty (120) days after the original record date at the same or some other place.

Section 1.05. CONDUCT OF MEETINGS. Each meeting of stockholders shall be conducted in accordance with such rules and procedures as the Board of Directors may determine subject to the requirements of applicable law and the Charter. The Chairman of the Board, or in his or her absence the Chief Executive Officer, or in their absence the person designated in writing by the Chairman of the Board, or if no person is so designated, then a person designated by the Board of Directors, shall preside as chairman of the meeting; if no person is so designated, then the meeting shall choose a chairman by a majority of all votes cast at a meeting at which a quorum is present. The Secretary or in the absence of the Secretary a person designated by the chairman of the meeting shall act as secretary of the meeting.

Section 1.06. QUORUM. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of the votes thereat shall constitute a quorum; but this section shall not affect any requirement under statute or under the Charter of the Corporation for the vote necessary for the adoption of any measure. In the absence of a quorum, the stockholders present in person or by proxy, by majority vote and without further notice, may adjourn the meeting from time to time to a date not more than 120 days after the original record date until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 1.07. VOTES REQUIRED. Unless applicable law or the Charter of the Corporation provides otherwise, at a meeting of stockholders, the vote of a majority of the votes entitled to be cast at a meeting, duly called and at which a quorum is present, shall be required to take or authorize action upon any matter which may properly come before the meeting. Unless the Charter provides for a greater or lesser number of votes per share or limits or denies voting rights, each outstanding share of stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders; but no share shall be entitled to any vote if any installment payable thereon is overdue and unpaid.

Section 1.08. PROXIES. A stockholder may vote shares of the Corporation's capital stock that are entitled to be voted and are owned of record by such stockholder either in person or by proxy in any manner permitted by Section 2-507 of the Maryland General Corporation Law, as in effect from time to time. No proxy shall be valid more than eleven (11) months after its date, unless otherwise provided in the proxy.

Section 1.09. LIST OF STOCKHOLDERS. At each meeting of stockholders, a true and complete list of all stockholders entitled to vote at such meeting, stating the number and class of shares held by each, shall be furnished by the Secretary.

Section 1.10. INSPECTORS OF ELECTION. In advance of any meeting of stockholders, the Board of Directors may appoint Inspectors of Election to act at such meeting or at

any adjournment or adjournments thereof. If such Inspectors are not so appointed or fail or refuse to act, the chairman of any such meeting, upon the demand of stockholders present in person or by proxy entitled to cast 25% of all the votes entitled to be cast at the meeting, shall make such appointments.

If there are three (3) or more Inspectors of Election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all. The Inspectors of Election shall determine the number of shares outstanding, the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies; shall receive votes, ballots, assents or consents, hear and determine all challenges and questions in any way arising in connection with the vote, count and tabulate all votes, assents and consents, and determine the result; and do such acts as may be proper to conduct the election and the vote with fairness to all stockholders. On request, the Inspectors shall make a report in writing of any challenge, question or matter determined by them, and shall make and execute a certificate of any fact found by them.

No such Inspector need be a stockholder of the Corporation.

#### Section 1.11. DIRECTOR NOMINATIONS AND STOCKHOLDER BUSINESS.

(a) Nominations and Stockholder Business at Annual Meetings of Stockholders. Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section 1.11(a), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 1.11(a).

For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a) of this Section 1.11, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than ninety (90) days nor more than one-hundred twenty (120) days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that the date of mailing of the notice for the annual meeting is advanced or delayed by more than thirty (30) days from the anniversary date of mailing of the notice for the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the one-hundred twentieth (120th) day prior to the date of mailing of the notice for such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to the date of mailing of the notice for such annual meeting or the tenth (10th) day following the day on which public announcement of the date of mailing of the notice for such meeting is first made. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (A) the name, age, business address and residence address of such person, (B) the class and number of shares of capital stock of the Corporation that are beneficially owned by such person, and (C) all other information

relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder (including any anticipated benefit to the stockholder therefrom) and of each beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and each beneficial owner, if any, on whose behalf the nomination or proposal is made, (x) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (y) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

Notwithstanding anything in this paragraph (a) of this Section 1.11 to the contrary, in the event that Section 2.02 of these Bylaws is amended, altered or repealed so as to increase or decrease the maximum or minimum number of directors and there is no public announcement of such action at least one-hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10/th/) day following the day on which such public announcement is first made by the Corporation.

(b) Director Nominations and Stockholder Business at Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 1.11, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 1.11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a) of this Section 1.11 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the one-hundred twentieth (120/th/) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90/th/) day prior to such special meeting or the tenth (10/th/) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(c) General. Only such persons who are nominated in accordance with the procedures set forth in this Section 1.11 and Article II, Section 2.04 shall be eligible to serve as directors and

only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.11. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.11 and, if any proposed nomination or business is not in compliance with this Section 1.11, to declare that such defective nomination or proposal be disregarded.

For purposes of this Section 1.11, (a) the "date of mailing of the notice" shall mean the date of the proxy statement for the solicitation of proxies for election of directors and (b) "public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones New Service, Associated Press or comparable news service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

Notwithstanding the foregoing provisions of this Section 1.11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.11. Nothing in this Section 1.11 shall be deemed to affect any rights of stockholders to request inclusion of proposals, nor the right of the Corporation to omit a proposal from, in the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

## ARTICLE II

### BOARD OF DIRECTORS

Section 2.01. POWERS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors. The Board of Directors may exercise all the powers of the Corporation, except such as are by statute or the Charter or the Bylaws conferred upon or reserved to the stockholders.

Section 2.02. NUMBER OF DIRECTORS. The number of directors of the Corporation shall be not less than twelve (12) nor more than twenty-five (25). By vote of a majority of the Board of Directors, the number of directors may be increased or decreased, from time to time, within the limits above specified; provided, however, that except as set forth in the Charter of the Corporation, the tenure of office of a director shall not be affected by any decrease in the number of directors so made by the Board.

Section 2.03. ELECTION OF DIRECTORS. Except as set forth in the Charter of the Corporation, the members of the Board of Directors shall be elected each year at the annual meeting of stockholders, and each director shall hold office until the next annual meeting of stockholders held after his or her election and until his or her successor will have been elected and qualified. No person, other than a person granted an exemption from this provision by the Board of Directors,



shall be eligible to be elected as a director for a term which expires after the first annual meeting of stockholders after he or she reaches the age of 72 years.

Section 2.04. CHAIRMAN OF THE BOARD. The Board of Directors shall designate from its membership a Chairman of the Board, who shall preside at all meetings of the stockholders and of the Board of Directors. He may sign with the Secretary or an Assistant Secretary certificates of stock of the Corporation, and he shall perform such other duties as may be prescribed by the Board of Directors.

Section 2.05. REMOVAL. Any director or the Board of Directors may be removed from office as a director at any time, but only for cause, by the affirmative vote at a duly called meeting of stockholders of at least 80% of the votes which all holders of the then outstanding shares of capital stock of the Corporation would be entitled to cast at an annual election of directors, voting together as a single class.

Section 2.06. VACANCIES. Vacancies in the Board of Directors, except for vacancies resulting from an increase in the number of directors, shall be filled only by a majority vote of the remaining directors then in office, though less than a quorum, except that vacancies resulting from removal from office by a vote of the stockholders may be filled by the stockholders at the same meeting at which such removal occurs. Vacancies resulting from an increase in the number of directors shall be filled only by a majority vote of the Board of Directors. Any director elected to fill a vacancy shall hold office until the next annual meeting of stockholders and until his or her successor will have been elected and qualified.

Section 2.07. REGULAR MEETINGS. After each meeting of stockholders at which a Board of Directors, or any class thereof, shall have been elected, the Board of Directors shall meet as soon as practicable for the purpose of organization and the transaction of other business, at such time and place within or without the State of Maryland as may be designated by the Board of Directors. Other regular meetings of the Board of Directors shall be held on such dates and at such places within or without the State of Maryland as may be designated from time to time by the Board of Directors.

Section 2.08. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called at any time, at any place, and for any purpose by the Chairman of the Board, the Chief Executive Officer, the Chairman of the Executive Committee, any three (3) directors, or by any officer of the Corporation upon the request of a majority of the Board.

Section 2.09. NOTICE OF MEETINGS. Notice of the place, day, and hour of every regular and special meeting of the Board of Directors shall be given to each director twenty-four (24) hours (or more) before the meeting, by telephoning the notice to such director, or by delivering the notice to him or her personally, or by sending the notice to him or her by telegraph, or by facsimile, or by leaving the notice at his or her residence or usual place of business, or, in the alternative, by mailing such notice three (3) days (or more) before the meeting, postage prepaid, and addressed to him or her at his or her last known post office address, according to the records of the Corporation. If mailed, such notice shall be deemed to be given when deposited in the United States mail, properly addressed, with postage thereon prepaid. If notice be given by telegram or by

facsimile, such notice shall be deemed to be given when the telegram is delivered to the telegraph company or when the facsimile is transmitted. If the notice be given by telephone or by personal delivery, such notice shall be deemed to be given at the time of the communication or delivery. Unless required by these Bylaws or by resolution of the Board of Directors, no notice of any meeting of the Board of Directors need state the business to be transacted thereat. No notice of any meeting of the Board of Directors need be given to any director who attends or to any director who, in a writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the Board of Directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no further notice need be given of any such adjourned meeting.

Section 2.10. PRESENCE AT MEETING. Members of the Board, or of any committee thereof, may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation in this manner shall constitute presence in person at the meeting.

Section 2.11. PRESIDING OFFICER AND SECRETARY AT MEETINGS. Each meeting of the Board of Directors shall be presided over by the Chairman of the Board of Directors or in his or her absence by the Chief Executive Officer or if neither is present by such member of the Board of Directors as shall be chosen by the meeting. The Secretary, or in his or her absence an Assistant Secretary, shall act as secretary of the meeting, or if no such officer is present, a secretary of the meeting shall be designated by the person presiding over the meeting.

Section 2.12. QUORUM. At all meetings of the Board of Directors, a majority of the Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which it is by statute, by the Charter, or by the Bylaws otherwise provided, the vote of a majority of such quorum at a duly constituted meeting shall be sufficient to pass any measure. In the absence of a quorum, the directors present by majority vote and without notice other than by announcement may adjourn the meeting from time to time until a quorum shall be present. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.13. COMPENSATION. Directors shall not receive any stated salary for their services as Directors but, by resolution of the Board of Directors, annual retainers, fees and expenses of attendance, if any, may be provided to Directors for attendance at each annual, regular or special meeting of the Board of Directors or of any committee thereof; but nothing contained herein shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 2.14. VOTING OF SHARES BY CERTAIN HOLDERS. Notwithstanding any other provision of the Charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of

control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

### ARTICLE III

#### COMMITTEES

Section 3.01. EXECUTIVE COMMITTEE. The Board of Directors, by resolution adopted by a majority of the Board of Directors, may provide for an Executive Committee of two (2) or more directors. If provision be made for an Executive Committee, the members thereof shall be elected by the Board of Directors to serve at the pleasure of the Board of Directors. During the intervals between the meetings of the Board of Directors, the Executive Committee shall possess and may exercise such powers in the management of the business and affairs of the Corporation as may be authorized by the Board of Directors, subject to applicable law. All action by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision and alteration by the Board of Directors. Vacancies in the Executive Committee shall be filled by the Board of Directors.

Section 3.02. STRATEGIC AFFAIRS AND FINANCE COMMITTEE. The Board of Directors by resolution adopted by a majority of the Board of Directors may provide for a Strategic Affairs and Finance Committee ("the Committee") of three (3) or more directors. If provision is made for a Committee, the members of the Committee shall be elected by and serve at the pleasure of the Board of Directors. The Board of Directors shall designate a chairman from among the membership of the Committee. The Committee shall have responsibility for reviewing and recommending to the Board of Directors management's long-term strategy for the Corporation, which shall include the allocation of corporate resources. The Committee will review and recommend to the Board of Directors certain strategic decisions regarding exit from existing lines of business and entry into new lines of business, acquisitions, joint ventures, investments or dispositions of businesses and assets, and the financing of related transactions. The Committee will review the allocation of corporate resources recommended by management, including the relationship of activities and allocations with the long-term business objectives and strategic plans of the Corporation. The Committee will review the financial condition of the Corporation, the status of all benefit plans and proposed changes to the capital structure of the Corporation, including the incurrence of indebtedness and the issuance of additional equity securities, and will make related recommendations to the Board of Directors for adoption. It will also review on an annual basis the proposed capital expenditure and contributions budgets of the Corporation and make recommendations to the Board of Directors for their adoption. The Committee shall, except when such powers are by statute, the Charter or the Bylaws either reserved to the Board of Directors or delegated to another committee of the Board of Directors, possess all of the powers of the Board of Directors in the management of the strategic and financial affairs of the Corporation. All action by the Committee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to revision and alteration by the Board of Directors. Vacancies on the Committee shall be filled by the Board of Directors.

Section 3.03. AUDIT AND ETHICS COMMITTEE. The Board of Directors by resolution adopted by a majority of the Board of Directors shall provide for an Audit and Ethics Committee of three or more directors who are not officers or employees of the Corporation, who are free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of the independent judgment of each member as a Committee member, and who otherwise meet financial experience requirements as interpreted by the Board of Directors. The members of the Audit and Ethics Committee shall be elected by the Board of Directors to serve at the pleasure of the Board of Directors. The Board of Directors shall designate from among the membership of the Audit and Ethics Committee a chairman. The Audit and Ethics Committee shall, except when such powers are by statute or this charter or the Bylaws either reserved to the full Board of Directors or delegated to another committee of the Board of Directors, possess and may exercise the powers of the Board of Directors relating to all accounting and auditing matters of this Corporation. The Audit and Ethics Committee shall:

- .. recommend to the Board of Directors the selection, retention or termination of the independent auditors, who will be ultimately accountable to the Board of Directors and the Audit and Ethics Committee of the Corporation;
- .. ensure that the independent auditors submit on a periodic basis to the Audit and Ethics Committee a formal written statement delineating all relationships between the independent auditor and the Corporation, be responsible for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors, and be responsible for recommending that the Board of Directors take appropriate action in response to the independent auditors' report to satisfy itself of the independent auditors' independence;
- .. prior to the end of the Corporation's fiscal year shall review the scope and timing of the work to be performed and the compensation to be paid to the independent auditors selected by the Board;
- .. review with the Corporation's management and the independent auditors the financial accounting and reporting principles appropriate for the Corporation, the policies and procedures concerning audits, accounting and financial controls, and any recommendations to improve existing practices, and the qualifications and work of the Corporation's internal audit staff;
- .. require that the independent auditors advise the Audit and Ethics Committee through its Chair and the Corporation's management of any matters identified during reviews of interim quarterly financial statements which are required to be communicated to the Audit and Ethics Committee by the independent auditors under auditing standards generally accepted in the United States, and that the independent auditors provide such communication prior to the related quarterly press release or, if not practicable, prior to filing the related Form 10-Q;
- .. review with management and the independent auditors the financial statements to be included in the Corporation's Annual Report on Form 10-K, including the independent auditors' judgment about the quality, not just acceptability, of accounting principles, the

reasonableness of significant judgments, and the clarity of the disclosures in the financial statements; and

- .. review with the independent auditors the results of their annual audit, their report and any other matters required to be communicated to the Audit and Ethics Committee by the independent auditors under auditing standards generally accepted in the United States.

The Audit and Ethics Committee shall also:

- .. review the scope of the internal audit staff's work plan for the year and, as appropriate, review significant findings and management's actions to address these findings;
- .. monitor compliance with the Code of Ethics and Standards of Conduct, and review and resolve all matters of concern presented to it by the Corporate Ethics Committee or the Corporate Ethics Office;
- .. review and monitor on a periodic basis the adequacy of the Corporation's policies and procedures with respect to environmental, health and safety laws and regulations, including the Corporation's record of compliance with such laws and regulations; and
- .. review with the General Counsel the status of pending claims, litigation and other legal matters on a periodic basis.

The Audit and Ethics Committee shall have the power to investigate any matter falling within its jurisdiction, and it shall also perform such other functions and exercise such other powers as may be delegated to it from time to time by the Board of Directors. The Audit and Ethics Committee shall hold four meetings each year, and shall separately meet in executive session with the Corporation's independent auditors and internal audit department representative. The Audit and Ethics Committee shall review and reassess the Audit and Ethics Committee charter at least annually and make recommendations to the Board of Directors, as appropriate. All action by the Audit and Ethics Committee shall be reported to the Board of Directors at its next meeting succeeding such action and shall be subject to revision and alteration by the Board of Directors. Vacancies in the Audit and Ethics Committee shall be filled by the Board of Directors. While the Audit and Ethics Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Audit and Ethics Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with accounting principles generally accepted in the United States. This is the responsibility of management and the independent auditors. Nor is it the duty of the Audit and Ethics Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors, or to assure compliance with laws and regulations and the Corporation's Code of Ethics and Business Conduct.

Section 3.04(a). MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE. The Board of Directors by resolution adopted by a majority of the Board of Directors may provide for a Management Development and Compensation Committee of three (3) or more directors who are not officers or employees of the Corporation. If provision is made for a

Management Development and Compensation Committee, the members of the Management and Development Compensation Committee shall be elected by the Board of Directors to serve at the pleasure of the Board of Directors. The Board of Directors shall designate from among the membership of the Management Development and Compensation Committee a chairman. The Management Development and Compensation Committee shall consider proposed candidates for senior officer positions and their development plans and recommend to the Board of Directors the compensation to be paid for services of senior elected officers of the Corporation as established by resolution of the Board of Directors from time to time. The Management Development and Compensation Committee shall appraise the performance of management and have the power to fix the compensation of all other elected officers and to approve the benefits provided by any bonus, supplemental, and special compensation plans, including pension, insurance, and health plans, but excluding performance-based executive compensation plans, and such powers as are by statute or the Charter or the Bylaws reserved to the full Board of Directors. The Management Development and Compensation Committee shall also perform such other functions and exercise such other powers as may be delegated to it from time to time by the Board of Directors. All action by the Management Development and Compensation Committee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to revision and alteration by the Board of Directors. Vacancies in the Management Development and Compensation Committee shall be filled by the Board of Directors.

Section 3.04(b). STOCK OPTION SUBCOMMITTEE. The Board of Directors by resolution adopted by a majority of the Board of Directors may provide for a Stock Option Subcommittee of three (3) or more directors of the Compensation Committee who meet the qualifications of an independent director under Section 162(m) of the Internal Revenue Code. If provision is made for a Stock Option Subcommittee, the members of the Stock Option Subcommittee shall be elected by the Board of Directors to serve at the pleasure of the Board of Directors. The Board of Directors shall designate from among the membership of the Stock Option Subcommittee a chairman. The Stock Option Subcommittee shall serve as the Stock Option Subcommittee of the Board and shall administer any performance-based executive compensation plan and approve awards granted thereunder. The Stock Option Subcommittee shall also perform such other functions and exercise such other powers as may be delegated to it from time to time by the Board of Directors. All action by the Stock Option Subcommittee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to revision and alteration by the Board of Directors. Vacancies in the Stock Option Subcommittee shall be filled by the Board of Directors.

Section 3.05. NOMINATING AND CORPORATE GOVERNANCE COMMITTEE. Membership: The Nominating and Corporate Governance Committee shall consist of three (3) or more Directors who meet the independence requirements of the New York Stock Exchange. The members of the Nominating and Corporate Governance Committee shall be elected by the Board of Directors to serve at the pleasure of the Board of Directors. The Board of Directors shall designate from among the membership of the Nominating and Corporate Governance Committee a committee chairman. Upon recommendation by the Nominating and Corporate Governance Committee, the Board may remove any committee member at any time.

Purposes: The Nominating and Corporate Governance Committee shall make recommendations to the Board of Directors concerning the composition of the Board and its committees including size and qualifications for membership; recommend to the Board the role of the Board in the corporate governance process; and oversee the evaluation of the Board of Directors and its committees.

Responsibilities: In order to achieve the purposes outlined in this charter, the Nominating and Corporate Governance Committee shall be assigned the following responsibilities:

1. Nominees for Election to Board of Directors. Recommend to the Board of Directors nominees for election to fill any vacancy occurring in the Board and fill new positions created by an increase in the authorized number of directors of the Corporation. Each year, the Nominating and Corporate Governance Committee shall recommend to the Board of Directors a slate of directors to serve as management's nominees for election by the stockholders at the annual meeting. The Committee shall annually review the criteria for selection of director nominees and shall identify individuals for nomination as directors of the Corporation whose selection is consistent with the corporate governance guidelines of the Board of Directors.

2. Board and Committee Organization and Assignments. Oversee the organization and function of the Board's committees; each year, the committee shall recommend to the Board of Directors the membership of each committee to be effective following the Annual Meeting of Shareholders. The Committee shall recommend the filling of any vacancy occurring on a committee, as needed.

3. Corporate Governance Guidelines. Develop and recommend to the Board of Directors corporate governance guidelines applicable to the Corporation and compliant with application requirements, which shall be reviewed annually or more frequently, as appropriate.

4. Compensation of Directors. Review and recommend to the Board of Directors the compensation of the Board of Directors, including the nature and adequacy of director and officer indemnification and liability insurance.

5. Board and Committee Self-Assessments. Develop and recommend to the Board of Directors an annual self-evaluation of the Board and each of its committees. The Nominating and Corporate Governance Committee shall annually conduct a performance evaluation of the committee.

6. Presiding Director. The Chair of the Nominating and Corporate Governance Committee shall preside as Chair at Board of Directors meetings while in non-employee executive sessions of the Board, or when the Chairman of the Board is ill, absent, incapacitated or otherwise unable to carry out the duties of Chairman.

Authorities: In furtherance of its responsibilities, the Nominating and Corporate Governance Committee shall possess the following authorities:

1. Outside Advisors. The Committee may retain, at company expense, any outside advisor, including outside counsel and search firms to assist in identifying director candidates.
2. Delegated Authority. The Committee may perform such other functions and exercise such other powers as may be delegated to it from time to time by the Board of Directors.
3. Reports to Board of Directors. The Committee shall report all action by the Nominating and Corporate Governance Committee to the Board of Directors at its meeting next succeeding such action, which shall be subject to revision and alteration by the Board of Directors.
4. Committee Charter. The Committee shall review and recommend to the Board of Directors the adequacy of its charter and proposed changes annually or as otherwise needed.

Section 3.06. OTHER COMMITTEES. The Board of Directors may by resolution provide for such other standing or special committees, composed of two (2) or more directors, and discontinue the same at its pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be assigned to it by the Board of Directors.

Section 3.07. MEETINGS OF COMMITTEES. Each committee of the Board of Directors shall fix its own rules of procedure, consistent with the provisions of any rules or resolutions of the Board of Directors governing such committee, and shall meet as provided by such rules or by resolution of the Board of Directors, and it shall also meet at the call of its chairman or any two (2) members of such committee. Unless otherwise provided by such rules or by such resolution, the provisions of the article of these Bylaws entitled the "Board of Directors" relating to the place of holding and notice required of meetings of the Board of Directors shall govern committees of the Board of Directors. A majority of each committee shall constitute a quorum thereof; provided, however, that in the absence of any member of such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint a member of the Board of Directors to act in the place of such absent member. Except in cases in which it is otherwise provided by the rules of such committee or by resolution of the Board of Directors, the vote of a majority of such quorum at a duly constituted meeting shall be sufficient to pass any measure.

#### ARTICLE IV

##### OFFICERS

Section 4.01. EXECUTIVE OFFICERS - ELECTION AND TERM OF OFFICE. The Executive Officers of the Corporation shall be a Chairman of the Board, who shall also be the Chief Executive Officer, a President, such number of Vice Presidents as the Board of Directors may determine, a Secretary and a Treasurer. The Chairman and Chief Executive Officer and the



President shall be chosen from among the Directors. The Executive Officers shall be elected annually by the Board of Directors at its first meeting following each annual meeting of stockholders and each such officer shall hold office until the corresponding meeting of the Board of Directors in the next year and until his or her successor shall have been duly chosen and qualified or until his or her death or until he or she shall have resigned, or shall have been removed from office in the manner provided in this Article IV. Any vacancy in any of the above offices may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

Section 4.02. CHAIRMAN OF THE BOARD. The Chairman of the Board shall be the Chief Executive Officer of the Corporation and shall preside at all meetings of the stockholders and of the Board of Directors. He shall serve as a member of the Executive Committee and, in the absence of the Chairman of the Executive Committee, preside at all meetings of the Executive Committee. Subject to the authority of the Board of Directors, he shall have general charge and supervision of the business and affairs of the Corporation. He shall have the authority to sign and execute in the name of the Corporation all deeds, mortgages, bonds, contracts or other instruments. He shall have the authority to vote stock in other corporations, and he shall perform such other duties of management as may be prescribed by resolution or as otherwise may be assigned to him by the Board of Directors. He shall have the authority to delegate such authorization and power as vested in him by these Bylaws to some other officer or employee or agent of the Corporation as he shall deem appropriate.

Section 4.03. PRESIDENT. The President shall be the Chief Operating Officer of the Corporation. He or she shall have general charge and supervision of the operations of the Corporation and shall have such other powers and duties of management as from time to time may be assigned to him or her by the Board of Directors or the Chief Executive Officer.

Section 4.04. VICE PRESIDENTS. The Corporation shall have one (1) or more Vice Presidents, including Executive and Senior Vice Presidents as appropriate, as elected from time to time by the Board of Directors. The Vice Presidents shall perform such duties as from time to time may be assigned to them by the President.

Section 4.05. SECRETARY. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and record all votes and minutes or proceedings, in books provided for that purpose; shall see that all notices of such meetings are duly given in accordance with the provisions of the Bylaws of the Corporation, or as required by law; may sign certificates of stock of the Corporation with the Chairman of the Board; shall be custodian of the corporate seal; shall see that the corporate seal is affixed to all documents, the execution of which, on behalf of the Corporation, under its seal, is duly authorized, and when so affixed may attest the same; and in general, shall perform all duties incident to the office of a secretary of a corporation, and such other duties as from time to time may be assigned to the Secretary by the Chairman of the Board.

Section 4.06. TREASURER. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation, and shall deposit, or cause to be deposited, in the name of the Corporation, all monies or other valuable effects in such banks, trust companies, or other depositories as shall, from time to time, be selected by the Board of Directors;

and in general, shall render such reports and perform such other duties incident to the office of a treasurer of a corporation, and such other duties as from time to time may be assigned to him or her by the President.

Section 4.07. SUBORDINATE OFFICERS. The subordinate officers shall consist of such assistant officers and agents as may be deemed desirable and as may be appointed by the Chief Executive Officer or the President. Each such subordinate officer shall hold office for such period, have such authority and perform such duties as the Chief Executive Officer or the President may prescribe.

Section 4.08. OTHER OFFICERS AND AGENTS. The Board of Directors may create such other offices and appoint or provide for the appointment of such other officers and agents, attorneys-in-fact and employees as it shall deem necessary, who shall bear such titles, have such authority, receive such compensation, and provide such security for faithful service and hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4.09. WHEN DUTIES OF AN OFFICER MAY BE DELEGATED. In the case of the absence or disability of an officer of the Corporation or for any other reason that may seem sufficient to the Board of Directors, the Board of Directors, or any officer designated by it, may, for the time being, delegate such officer's duties and powers to any other person.

Section 4.10. OFFICERS HOLDING TWO OR MORE OFFICES. Any two (2) of the above mentioned offices, except those of a Vice President, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument be required by law, by the Charter or by these Bylaws, to be executed, acknowledged or verified by any two (2) or more officers.

Section 4.11. COMPENSATION. The Board of Directors shall have power to fix the compensation of all officers and employees of the Corporation.

Section 4.12. RESIGNATIONS. Any officer may resign at any time by giving written notice to the Board of Directors or to the Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect simultaneously with or at any time subsequent to its delivery as shall be specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.13. REMOVAL. Any officer of the Corporation may be removed, with or without cause, by the Board of Directors, if such removal is determined in the judgment of the Board of Directors to be in the best interests of the Corporation, and any officer of the Corporation duly appointed by another officer may be removed, with or without cause, by such officer.

## ARTICLE V

### STOCK

Section 5.01. CERTIFICATES. Each stockholder shall be entitled to a certificate or certificates which shall represent and certify the number and kind of shares of stock owned by him or her in the Corporation. Such certificates shall be signed by the Chairman of the Board and countersigned by the Secretary or an Assistant Secretary, and sealed with the seal of the Corporation or a facsimile of such seal. Stock certificates shall be in such form, not inconsistent with law or with the Charter, as shall be approved by the Board of Directors. When certificates for stock of any class are countersigned by a transfer agent, other than the Corporation or its employee, or by a registrar, other than the Corporation or its employee, any other signature on such certificates may be a facsimile. In case any officer of the Corporation who has signed any certificate ceases to be an officer of the Corporation, whether because of death, resignation or otherwise, before such certificate is issued, the certificate may nevertheless be issued and delivered by the Corporation as if the officer had not ceased to be such officer as of the date of its issue.

Section 5.02. TRANSFER OF SHARES. Shares of stock shall be transferable only on the books of the Corporation only by the holder thereof, in person or by duly authorized attorney, upon the surrender of the certificate representing the shares to be transferred, properly endorsed. The Board of Directors shall have power and authority to make such other rules and regulations concerning the issue, transfer and registration of certificates of stock as it may deem expedient.

Section 5.03. TRANSFER AGENTS AND REGISTRARS. The Corporation may have one (1) or more transfer agents and one (1) or more registrars of its stock, whose respective duties the Board of Directors may, from time to time, define. No certificate of stock shall be valid until countersigned by a transfer agent, if the Corporation has a transfer agent, or until registered by a registrar, if the Corporation has a registrar. The duties of transfer agent and registrar may be combined.

Section 5.04. STOCK LEDGERS. Original or duplicate stock ledgers, containing the names and addresses of the stockholders of the Corporation and the number of shares of each class held by them respectively, shall be kept at an office or agency of the Corporation in such city or town as may be designated by the Board of Directors. If no other place is so designated such original or duplicate stock ledgers shall be kept at an office or agency of the Corporation in New York, New York or Bethesda, Maryland.

Section 5.05. RECORD DATES. The Board of Directors is hereby empowered to fix, in advance, a date as the record date for the purpose of determining stockholders entitled to notice of, or to vote at, any meeting of stockholders, or stockholders entitled to receive payment of any dividend or the allotment of any rights, or in order to make a determination of stockholders for any other proper purpose. Such date in any case shall be not more than ninety (90) days and, in case of a meeting of stockholders, not less than thirty (30) days, prior to the date on which the particular action, requiring such determination of stockholders, is to be taken. If a record date is not set and

the transfer books are not closed, the record date for the purpose of making any proper determination with respect to stockholders shall be fixed in accordance with applicable law.

Section 5.06. NEW CERTIFICATES. In case any certificate of stock is lost, stolen, mutilated or destroyed, the Board of Directors may authorize the issue of a new certificate in place thereof upon such terms and conditions as it may deem advisable; or the Board of Directors may delegate such power to any officer or officers or agents of the Corporation; but the Board of Directors or such officer or officers, in their discretion, may refuse to issue such new certificate save upon the order of some court having jurisdiction in the premises.

## ARTICLE VI

### INDEMNIFICATION

Section 6.01. INDEMNIFICATION OF DIRECTORS, OFFICERS, AND EMPLOYEES. The Corporation shall indemnify and hold harmless to the fullest extent permitted by, and under, applicable law as it presently exists and as is further set forth in Section 6.02 below or as may hereafter be amended any person who is or was a director, officer or employee of the Corporation or who is or was serving at the request of the Corporation as a director, officer or employee of another corporation or entity (including service with employee benefit plans), who by reason of this status or service in that capacity was, is, or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative, or investigative. Such indemnification shall be against all liability and loss suffered and expenses (including, but not limited to, attorneys' fees, judgments, fines, penalties, and amounts paid in settlement) actually and reasonably incurred by the individual in connection with such proceeding; provided, however, that the Corporation shall not be required to indemnify a person in connection with an action, suit or proceeding initiated by such person unless the action, suit or proceeding was authorized by the Board of Directors of the Corporation.

Section 6.02. STANDARD. Maryland General Corporation Law Section 2-418, on August 29, 1994, provided generally that a corporation may indemnify any individual made a party to a proceeding by reason of service on behalf of the corporation unless it is established that:

(i) The act or omission of the individual was material to the matter giving rise to the proceeding; and

(1) Was committed in bad faith; or

(2) Was the result of active and deliberate dishonesty; or

(ii) The individual actually received an improper personal benefit in money, property, or services; or

(iii) In the case of any criminal proceeding, the individual had reasonable cause to believe that the act or omission was unlawful.

Section 6.03. ADVANCE PAYMENT OF EXPENSES. The Corporation shall pay or reimburse reasonable expenses in advance of a final disposition of the proceeding and without requiring a preliminary determination of the ultimate entitlement to indemnification provided that the individual first provides the Corporation with: (a) a written affirmation of the individual's good faith belief that the individual meets the standard of conduct necessary for indemnification under the laws of the State of Maryland; and (b) a written undertaking by or on behalf of the individual to repay the amount advanced if it shall ultimately be determined that the applicable standard of conduct has not been met.

Section 6.04. GENERAL. The Board of Directors, by resolution, may authorize the management of the Corporation to act for and on behalf of the Corporation in all matters relating to indemnification within any such limits as may be specified from time to time by the Board of Directors, all consistent with applicable law.

The rights conferred on any person by this Article VI shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter of the Corporation, these Bylaws, agreement, vote of the stockholders or disinterested directors or otherwise.

Repeal or modification of this Article VI or the relevant law shall not affect adversely any rights or obligations then existing with respect to any facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such facts.

## ARTICLE VII

### SUNDRY PROVISIONS

Section 7.01. SEAL. The corporate seal of the Corporation shall bear the name of the Corporation and the words "Incorporated 1994 Maryland" and "Corporate Seal."

Section 7.02. VOTING OF STOCK IN OTHER CORPORATIONS. Any shares of stock in other corporations or associations, which may from time to time be held by the Corporation, may be represented and voted at any of the stockholders' meetings thereof by the Chairman or President of the Corporation or by proxy or proxies appointed by the Chairman or President of the Corporation. The Board of Directors or Chairman, however, may by resolution or delegation appoint some other person or persons to vote such shares, in which case such person or persons shall be entitled to vote such shares upon the production of a certified copy of such resolution or delegation.

Section 7.03. AMENDMENTS. The Board of Directors shall have the exclusive power, at any regular or special meeting thereof, to make and adopt new Bylaws, or to amend, alter, or repeal any Bylaws of the Corporation, provided such revisions are not inconsistent with the Charter or statute.

=====  
LOCKHEED MARTIN CORPORATION

Floating Rate Convertible  
Senior Debentures due 2033

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INDENTURE

Dated as of August 13, 2003

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THE BANK OF NEW YORK

TRUSTEE  
=====

LOCKHEED MARTIN CORPORATION  
CROSS REFERENCE SHEET\*

TRUST INDENTURE ACT

Sections of  
Indenture

TRUST INDENTURE ACT	Sections of Indenture
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310(a)(1)(2).....	5.10
(3)(4).....	Inapplicable
(5).....	5.10
(b).....	5.08 and 5.10
(b)(1)(A)(B)(C).....	Inapplicable
(c).....	Inapplicable
311(a)(b).....	5.11
(c).....	Inapplicable
313(a).....	5.06
(b)(1).....	Inapplicable
(2).....	5.06
(c).....	17.03
(d).....	5.06
314(a).....	9.07, 9.08 and 17.03
(b).....	Inapplicable
(c)(1)(2).....	17.04
(3).....	Inapplicable
(d).....	Inapplicable
(e).....	17.05
315(a)(c)(d).....	5.01
(b).....	5.05
(e).....	4.13
316(a)(1).....	4.11 and 4.12
(2).....	Inapplicable
(b).....	4.08
(c).....	1.03(e)
317(a).....	4.03 and 4.05
(b).....	2.04
318(a)(c).....	1.04
(b).....	Inapplicable

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\* The Cross Reference Sheet is not part of the Indenture.

TABLE OF CONTENTS

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ARTICLE 1

Definitions and Other Provisions of General Application

Section 1.01. Certain Terms Defined .....	1
Section 1.02. Forms of Documents Delivered to Trustee .....	10
Section 1.03. Acts of Holders .....	11
Section 1.04. Conflict with Trust Indenture Act of 1939 .....	12
Section 1.05. Effect of Headings and Table of Contents .....	12
Section 1.06. Separability Clause .....	12
Section 1.07. Benefits of Indenture .....	12
Section 1.08. Legal Holidays .....	12

ARTICLE 2

The Securities

Section 2.01. Designation, Form and Dating .....	13
Section 2.02. Execution and Authentication .....	14
Section 2.03. Registrar, Paying Agent, Conversion Agent and Trustee .....	15
Section 2.04. Paying Agent to Hold Money and Securities in Trust .....	15
Section 2.05. Transfer and Exchange .....	15
Section 2.06. Replacement Securities .....	17
Section 2.07. Outstanding Securities; Determinations of Holders' Actions ...	18
Section 2.08. Temporary Securities .....	19
Section 2.09. Cancellation .....	19
Section 2.10. Persons Deemed Owners .....	20
Section 2.11. Global Securities .....	20
Section 2.12. Legends .....	21
Section 2.13. Payment of Interest; Interest Rights Preserved .....	22
Section 2.14. CUSIP Numbers .....	24
Section 2.15. Securityholder Lists .....	24

ARTICLE 3

Satisfaction and Discharge

Section 3.01. Discharge of Liability on Securities .....	24
Section 3.02. Repayment of Moneys Held by Trustee .....	25



ARTICLE 4  
Remedies

Section 4.01. Events of Default .....	25
Section 4.02. Acceleration of Maturity; Rescission and Annulment .....	26
Section 4.03. Collection Suit by Trustee .....	27
Section 4.04. Other Remedies .....	27
Section 4.05. Trustee May File Proofs of Claim .....	27
Section 4.06. Application of Money Collected .....	27
Section 4.07. Limitation on Suits .....	28
Section 4.08. Unconditional Right of Holders to Receive Principal and Interest .....	28
Section 4.09. Rights and Remedies Cumulative .....	29
Section 4.10. Delay or Omission Not Waiver .....	29
Section 4.11. Control by Holders .....	29
Section 4.12. Waiver of Past Defaults .....	29
Section 4.13. Undertaking for Costs .....	30

ARTICLE 5  
The Trustee

Section 5.01. Duties of Trustee .....	30
Section 5.02. Rights Of Trustee .....	31
Section 5.03. Individual Rights of Trustee, etc .....	33
Section 5.04. Trustee's Disclaimer .....	33
Section 5.05. Notice of Defaults .....	33
Section 5.06. Reports by Trustee to Holders .....	33
Section 5.07. Compensation and Indemnity .....	33
Section 5.08. Replacement of Trustee .....	34
Section 5.09. Successor Trustee by Merger, etc .....	35
Section 5.10. Eligibility; Disqualification .....	35
Section 5.11. Preferential Collection of Claims Against Company .....	35

ARTICLE 6  
[Reserved]

ARTICLE 7  
Consolidation, Merger, Sale or Conveyance

Section 7.01. Consolidations and Mergers of Company Permitted Subject to Certain Conditions .....	36
Section 7.02. Rights and Duties of Successor Entity .....	36

ARTICLE 8  
Supplemental Indentures

Section 8.01.	Supplemental Indentures Without Consent of Holders .....	37
Section 8.02.	Supplemental Indentures with Consent of Holders .....	38
Section 8.03.	Execution of Supplemental Indentures .....	40
Section 8.04.	Effect of Supplemental Indentures .....	40
Section 8.05.	Notation on or Exchange of Securities .....	40

ARTICLE 9  
Covenants of the Company

Section 9.01.	Payment of Principal and Interest .....	40
Section 9.02.	Maintenance of Office or Agency .....	41
Section 9.03.	Calculation of Tax Original Issue Discount .....	41
Section 9.04.	Further Instruments and Acts .....	41
Section 9.05.	Notice of Additional Interest .....	41
Section 9.06.	Contingent Debt Treatment .....	42
Section 9.07.	Reports by Company .....	42
Section 9.08.	Compliance Certificate .....	43

ARTICLE 10  
Redemption of Securities

Section 10.01.	Right to Redeem; Notices to Trustee .....	43
Section 10.02.	Selection of Securities to Be Redeemed .....	43
Section 10.03.	Notice of Redemption .....	44
Section 10.04.	Effect of Notice of Redemption .....	45
Section 10.05.	Deposit of Redemption Price .....	45
Section 10.06.	Securities Redeemed in Part .....	45

ARTICLE 11  
Conversion

Section 11.01.	Right to Convert .....	46
Section 11.02.	Conversion Procedures .....	49
Section 11.03.	Payment of Cash in Lieu of Common Stock .....	51
Section 11.04.	Fractional Shares .....	53
Section 11.05.	Taxes on Conversion .....	53
Section 11.06.	Reservation of Shares, Shares to Be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock .....	53
Section 11.07.	Adjustment of Conversion Rate .....	54
Section 11.08.	When No Adjustment Required .....	64
Section 11.09.	Notice of Certain Transactions .....	64

Section 11.10. Effect of Reclassification, Consolidation, Merger or Sale on Conversion Privilege .....	64
Section 11.11. Trustee's Disclaimer .....	66
Section 11.12. Rights Issued in Respect of Common Stock Issued Upon Conversion ..	66
Section 11.13. Company Determination Final .....	67

ARTICLE 12  
Purchase at Option of Holders

Section 12.01. Right to Require Purchase .....	67
Section 12.02. Purchase Procedures .....	67
Section 12.03. Effect of Purchase Notice .....	69
Section 12.04. Deposit of Purchase Price .....	70
Section 12.05. Securities Purchased in Part .....	70
Section 12.06. Repayment to the Company .....	70

ARTICLE 13  
Purchase at Option of Holder Upon a Fundamental Change

Section 13.01. Right to Require Purchase .....	71
Section 13.02. Effect of Fundamental Change Purchase Notice .....	75
Section 13.03. Deposit of Fundamental Change Purchase Price .....	76
Section 13.04. Securities Purchased in Part .....	76
Section 13.05. Repayment to the Company .....	77

ARTICLE 14  
Contingent Interest

Section 14.01. Contingent Interest .....	77
Section 14.02. Payment of Contingent Interest .....	77
Section 14.03. Notice of Contingent Interest .....	77

ARTICLE 15  
[RESERVED]

ARTICLE 16  
Immunity of Incorporators, Stockholders, Officers, Directors and Employees

Section 16.01. Exemption from Individual Liability .....	78
--	----

ARTICLE 17  
Miscellaneous Provisions

Section 17.01. Successors and Assigns of Company Bound by Indenture .....	78
Section 17.02. Acts of Board, Committee or Officer of Successor Company Valid ...	79
Section 17.03. Required Notices or Demands .....	79
Section 17.04. Certificate and Opinion as to Conditions Precedent .....	79
Section 17.05. Statements Required in Certificate or Opinion .....	80
Section 17.06. GOVERNING LAW .....	80
Section 17.07. Indenture May Be Executed in Counterparts .....	80

EXHIBIT A -- Form of Security

INDENTURE, dated as of the 13th day of August, 2003, between LOCKHEED MARTIN CORPORATION, a Maryland corporation (the "Company"), and THE BANK OF NEW YORK, a New York banking corporation (the "Trustee").

WHEREAS, for its lawful corporate purposes, the Company deems it necessary to issue its securities and has duly authorized the execution and delivery of this Indenture to provide for the issuance of its Floating Rate Convertible Senior Debentures due 2033 (the "Securities").

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed by the Company and by the Trustee, for the equal and proportionate benefit of all Holders of the Securities, as follows:

#### ARTICLE 1

##### Definitions and Other Provisions of General Application

###### Section 1.01. Certain Terms Defined.

###### (a) Definitions.

"Accreted Interest" means, for any Interest Period for any Security as of any date of determination, (i) the Accreted Principal Amount of such Security at the beginning of the Interest Period in which such date occurs, multiplied by (ii) the Applicable Yield for such Interest Period, multiplied by (iii) the quotient of the actual number of days elapsed from and including the first day of such Interest Period, to but excluding the date of determination divided by 360; provided that the Accreted Interest for any full Interest Period shall be calculated by reference to the actual number of days in such Interest Period divided by 360.

"Accreted Principal Amount" means, for any Security as of any date of determination, (i) the Original Principal Amount of such Security, plus (ii) the sum of the Accreted Interest for each Interest Period concluding on or prior to such date, plus (iii) the Accreted Interest for the Interest Period in which such date occurs as of the date of determination.

"Additional Interest" has the meaning specified in the Registration Rights Agreement.

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Stock Price" means, in respect of a Conversion Date, the average of the Last Reported Sale Prices per share of Common Stock over the five-Trading Day period starting the third Trading Day following such Conversion Date.

"Applicable Yield" means (1) prior to August 15, 2008, 0% and (2) from and after August 15, 2008, for any Interest Period, a rate equal to 3-Month LIBOR determined on the LIBOR Determination Date relating to the Interest Reset Date for such Interest Period, minus 0.25% provided that in no event shall the Applicable Yield be less than 0%.

"Bankruptcy Law" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board or any person or persons to whom the board of directors of the Company or a committee thereof has properly delegated the appropriate authority.

"Board Resolution" shall mean a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close; provided such day is also a London banking day.

"Capital Stock" means, as to shares of a corporation, outstanding shares of stock of any class, whether now or hereafter authorized, irrespective of whether such class shall be limited to a fixed sum or percentage in respect of the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary liquidation, dissolution or winding up of such corporation.

"Commission" means the Securities and Exchange Commission.

"Common Stock" shall mean the shares of Common Stock, \$1 par value, of the Company as it exists on the date of this Indenture, or any other shares of capital stock of the Company into which the Common Stock shall be reclassified or changed.

"Company" means the party named as the "Company" in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any such subsequent successor or successors.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by any Officer and delivered to the Trustee.

"Contingent Interest" means such cash interest payable as described in Article 14.

"Conversion Settlement Date" means (i) the Conversion Date or (ii) if the Company elects to pay cash in lieu of Common Stock pursuant to Section 11.03, the Business Day following the final day of the Cash Settlement Averaging Period.

"Conversion Price" means, as of any date of determination, a dollar amount derived by dividing the Accreted Principal Amount as of such date of \$1,000 Original Principal Amount of Securities by the Conversion Rate then in effect.

"Conversion Rate" means 13.1939 shares of Common Stock per \$1,000 Original Principal Amount of Securities, subject to adjustment pursuant to Section 11.07.

"Corporate Trust Office" means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 101 Barclay Street, Fl. 8W, New York, NY 10286, Attention: Corporate Trust Administration, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as a successor Trustee may designate from time to time by notice to the Holders and the Company).

"Custodian" means the Trustee or any Person appointed by the Trustee to act as custodian of Global Securities for the Depositary.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Depository" means, the clearing agency registered under the Exchange Act that is designated to act as the Depository for the Global Securities. The Depository Trust Company shall be the initial Depository, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, "Depository" shall mean or include such successor.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations of the Commission promulgated thereunder.

"Holder" means a person in whose name a Security is registered on the Registrar's books.

"Indenture" means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof, including the provisions of the TIA that are deemed to be a part hereof.

"Interest Payment Date" means February 15, May 15, August 15 and November 15 of each year, subject to Section 1.08, commencing November 15, 2003.

"Interest Period" means (1) prior to August 15, 2008, the period from and including the most recent Interest Payment Date to which interest has been paid or duly made available for payment (or August 13, 2003 if no interest has been paid or been duly made available for payment) to, but excluding, the next succeeding Interest Payment Date, or any earlier Fundamental Change Purchase Date and (2) from and after August 15, 2008, the period from and including each Interest Reset Date to but excluding the next succeeding Interest Reset Date, or, if earlier, the Stated Maturity, any Redemption Date, any Purchase Date or any Fundamental Change Purchase Date.

"Interest Reset Date" means February 15, May 15, August 15 and November 15 of each year, commencing November 15, 2003; provided that, if any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding Business Day, except, if such Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding Business Day.

"Issue Date" of any Security means the date on which the Security was originally issued or deemed issued as set forth on the face of the Security.



"Last Reported Sale Price" of the shares of Common Stock on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the bid and asked prices or, if more than one in either case, the average of the average bid and the average asked prices) on such date as reported in composite transactions on the principal United States securities exchange on which shares of Common Stock are traded or, if the shares of Common Stock are not listed on a United States national or regional securities exchange, as reported by Nasdaq. The Last Reported Sale Price will be determined without reference to after-hours or extended market trading. If the shares of Common Stock are not listed for trading on a U.S. national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the Last Reported Sale Price will be the last quoted bid for the shares of Common Stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization. If the shares of Common Stock are not so quoted, the Last Reported Sale Price will be the average of the midpoint of the last bid and asked prices for the shares of Common Stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Company for this purpose.

"Legal Holiday" means a day that is not a Business Day.

"LIBOR Determination Date" means the second London banking day preceding the related Interest Reset Date.

"London banking day" means a day on which commercial banks are open for business, including dealings in United States dollars, in London, England.

"Moneyline Telerate Page 3750" means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

"Nasdaq" means the National Association of Securities Dealers Automated Quotation System.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, any Executive Vice President, Senior Vice President or Vice President, the Treasurer, or the Secretary of the Company.

"Officers' Certificate" means a written certificate containing the information specified in Section 17.05, signed in the name of the Company by any two Officers or any Officer and an Assistant Treasurer or Assistant Secretary of the Company and delivered to the Trustee. An Officers' Certificate

given pursuant to Section 9.08 need not contain the information specified in Section 17.05.

"Opinion of Counsel" means a written opinion containing the information specified in Section 17.05 from legal counsel that is delivered to the Trustee. The counsel may be an employee of, or counsel to, the Company.

"Original Principal Amount" of a Security means the stated Original Principal Amount as set forth on the face of such Security.

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 2.06 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Purchase Agreement" means the Purchase Agreement dated as of August 7, 2003 among the Company and Citigroup Global Markets Inc., Goldman, Sachs & Co. and J.P. Morgan Securities Inc. as representatives of the initial purchasers named therein.

"Redemption Date" means the date specified for redemption of the Securities in accordance with the terms of the Securities and this Indenture.

"Redemption Price" means, when used with respect to any Security to be redeemed, 100% of the Accreted Principal Amount of such Security as of the Redemption Date, plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) to, but excluding, the Redemption Date.

"Registration Rights Agreement" means the Registration Rights Agreement dated as of August 13, 2003 among the Company, Citigroup Global Markets Inc., Goldman, Sachs & Co. and J.P. Morgan Securities Inc. as representatives of the initial purchasers named in the Purchase Agreement.

"Regular Record Date" for the interest payable on any Interest Payment Date means the February 1, May 1, August 1 or November 1, as the case may be, immediately preceding such Interest Payment Date.

"Responsible Officer", when used with respect to the Trustee, means any officer within the corporate trust department (or any successor group)

including without limitation any vice president, any assistant vice president, any assistant treasurer, any trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above-designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Securities" or "Security" means any of the Company's Floating Rate Convertible Senior Debentures due 2033, as amended or supplemented from time to time, issued under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations of the Commission promulgated thereunder.

"Security Register" means the register maintained by the Registrar that evidences ownership of the Securities.

"Special Record Date" means, for the payment of any Defaulted Interest, the date fixed by the Trustee pursuant to Section 2.13.

"Stated Maturity" means August 15, 2033.

"Subsidiary" means any corporation more than 50% of the outstanding shares of Voting Stock, except for directors' qualifying shares, of which shall at the time be owned, directly or indirectly, by the Company or by one or more of the Subsidiaries, or by the Company and one or more other Subsidiaries.

"Tax Original Issue Discount" means the amount of ordinary interest income on a Security that must be accrued as original issue discount for United States federal income tax purposes pursuant to United States Treasury Regulation Section 1.1275-4 or any successor provision.

"3-month LIBOR," as determined by the Trustee, means with respect to any Interest Period:

(i) the rate for three-month deposits in United States dollars commencing on the related Interest Reset Date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the LIBOR Determination Date, or

(ii) if no rate appears on the particular LIBOR Determination Date on the Moneyline Telerate Page 3750, the rate calculated by the Trustee as the arithmetic mean of at least two offered quotations obtained by the Trustee after requesting the principal London offices of each of four major reference banks in the London interbank market to provide the Trustee with its offered quotation for deposits in United States dollars for the period of three months, commencing on the related Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on that LIBOR Determination Date and in a principal amount that is representative for a single transaction in United States dollars in that market at that time, or

(iii) if fewer than two offered quotations referred to in clause (ii) are provided as requested, the rate calculated by the Trustee as the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York time, on the particular LIBOR Determination Date by three major banks in The City of New York selected by the Trustee for loans in United States dollars to leading European banks for a period of three months commencing on the related Interest Reset Date, and in a principal amount that is representative for a single transaction in United States dollars in that market at that time, or

(iv) if the banks so selected by the Trustee are not quoting as mentioned in clause (iii), 3-month LIBOR in effect on the preceding LIBOR Determination Date (or 1.13688% per annum in the case of the Interest Reset Date on November 15, 2003).

"TIA" means the Trust Indenture Act of 1939 as in effect on the date of this Indenture, provided, however, that in the event the TIA is amended after such date, TIA means, to the extent required by any such amendment, the TIA as so amended.

"Trading Day" means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the Common Stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not listed on a national or regional securities exchange, on Nasdaq or, if the Common Stock is not quoted on Nasdaq, on the principal other market on which the Common Stock is then traded.

"Trading Price" means, on any date, the average of the secondary market bid quotations per \$1,000 Original Principal Amount of Securities obtained by the Trustee for \$10,000,000 Original Principal Amount of Securities at approximately 3:30 p.m., New York City time, on such date from three independent nationally recognized securities dealers selected by the Company;

provided that if at least three such bids cannot reasonably be obtained by the Trustee, but two bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Trustee, one bid shall be used; and provided further that if the Trustee cannot reasonably obtain at least one bid for \$10,000,000 Original Principal Amount of Securities from a nationally recognized securities dealer or in the Company's reasonable judgment, the bid quotations are not indicative of the secondary market value of the Securities, then the Trading Price per \$1,000 Original Principal Amount of Securities (i) as such term is used in Article 11 shall be deemed to be less than 98% of the product of the Last Reported Sale Price on such date and the Conversion Rate on such date and (ii) as such term is used in Article 14, shall equal the product of (A) the Conversion Rate on such date and (B) the average of the Last Reported Sale Prices of the shares of Common Stock for the five Trading Days ending on the determination date of the Trading Price.

"Trustee" means the party named as the "Trustee" in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Voting Stock," as applied to the stock (or the equivalent thereof) of any corporation, means stock (or the equivalent thereof) of any class or classes, however designated, having ordinary voting power for the election of a majority of the directors of such corporation, other than stock (or such equivalent) having such power only by reason of the happening of a contingency.

"United States" means the United States of America. The Commonwealth of Puerto Rico, the Virgin Islands and other territories and possessions are not part of the United States.

(b) Other Definitions.

Term	Defined in Section
"Act" .....	1.03(a)
"Adjustment Event" .....	11.07(n)
"Agent Members" .....	2.11(f)
"capital stock" .....	13.01(a)
"Cash Amount" .....	11.03(a)(iii)
"Cash Settlement Averaging Period" .....	11.03(a)(ii)(B)
"Cash Settlement Notice Period" .....	11.03(a)
"Continuing Director" .....	13.01(a)
"Conversion Agent" .....	2.03
"Conversion Date" .....	11.02

"Conversion Obligation" .....	11.01(a)
"Conversion Retraction Period" .....	11.03(a)
"Conversion Settlement Distribution" .....	11.03(a)
"Current Market Price" .....	11.07(j)(i)
"Custodian" .....	4.01
"Defaulted Interest" .....	2.13
"Determination Date" .....	11.07(n)
"Distributed Assets or Securities" .....	11.07(d)
"Dividend Threshold Amount" .....	11.07(e)
"Event of Default" .....	4.01
"Ex-Dividend Date" .....	11.07(g)(i)
"Ex-Dividend Time" .....	11.01(e)(i)
"Expiration Time" .....	11.07(f)
"Fair Market Value" .....	11.07(j)(ii)
"Final Notice Date" .....	11.03(a)
"Fundamental Change" .....	13.01(a)
"Fundamental Change Purchase Date" .....	13.01(a)
"Fundamental Change Purchase Notice" .....	13.01(c)
"Fundamental Change Purchase Price" .....	13.01(a)
"Global Security" or "Global Securities" .....	2.01
"Legend" .....	2.05(f)
"Maximum Conversion Rate" .....	11.07(h)
"Measurement Period" .....	14.01
"Moody's" .....	11.01(f)
"non-electing share" .....	11.10
"Notice of Conversion" .....	11.02
"Notice of Default" .....	4.01(c)
"Paying Agent" .....	2.03
"Principal Value Conversion" .....	11.01(c)
"Publicly Traded Securities" .....	13.01(a)
"Purchase Date" .....	12.01(a)
"Purchased Shares" .....	11.07(f)(i)
"Purchase Notice" .....	12.02(a)
"Purchase Price" .....	12.02
"Record Date" .....	11.07(j)(iii)
"Registrar" .....	2.03
"Rights" .....	11.12
"Rights Agreement" .....	11.12
"S&P" .....	11.01(f)
"Trigger Event" .....	11.07(d)

Section 1.02. Forms of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by,

or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer actually knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company, unless such counsel actually knows that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.03. Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 5.01) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder

of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) The Company may, but shall not be obligated to, set a record date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture. If a record date is fixed, those persons who were Holders of Securities at such record date (or their duly designated proxies), and only those persons, shall be entitled to take such action by vote or consent or to revoke any vote or consent previously given, whether or not such persons continue to be Holders after such record date. No action approved by such vote or consent shall be taken more than six months after such record date.

Section 1.04. Conflict with Trust Indenture Act of 1939. If any provision hereof limits, qualifies or conflicts with a provision of the TIA that is required under the TIA to be part of and govern this Indenture, the TIA shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, such provision shall be deemed either to apply to this Indenture so modified or to be excluded, as the case may be.

Section 1.05. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.06. Separability Clause. In case any provision in this Indenture or in any Security shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.07. Benefits of Indenture. Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.08. Legal Holidays. Subject to the next two succeeding sentences, if any specified date (including a date for giving notice) on which action is to be taken under this Indenture is a Legal Holiday, the action shall be taken on the next succeeding day that is not a Legal Holiday. In any case where an Interest Payment Date (other than an Interest Payment Date coinciding with the Stated Maturity or earlier Redemption Date, Purchase Date or Fundamental Change Purchase Date) of a Security falls on a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business



Day and no interest on such payment will accrue for the period from and after the Interest Payment Date to such next succeeding Business Day, provided that, if such Business Day falls in the next succeeding calendar month, the Interest Payment Date will be the Business Day immediately preceding such Interest Payment Date. If the Stated Maturity, Redemption Date, Purchase Date or Fundamental Change Purchase Date of a Security would fall on a day that is not a Business Day, the required payment of interest, if any, and principal will be made on the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Stated Maturity, Redemption Date, Purchase Date or Fundamental Change Purchase Date to such next succeeding Business Day.

ARTICLE 2  
The Securities

Section 2.01. Designation, Form and Dating. The Securities shall be designated as "Floating Rate Convertible Senior Debentures due 2033."

The Securities and the Trustee's certificate of authentication to be borne by such Securities shall be substantially in the form set forth in Exhibit A. The terms and provisions contained in the form of Security attached as Exhibit A hereto shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Any of the Securities may have such letters, numbers or other marks of identification and such notations, legends, endorsements or changes as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required by the Trustee, the Depositary or by the National Association of Securities Dealers, Inc. in order for the Debentures to be tradable on The PORTAL(R) Market or as may be required for the Securities to be tradable on any other market developed for trading of securities pursuant to Rule 144A or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Securities may be listed, or to conform to usage, or to indicate any special limitations or restrictions to which any particular Securities are subject.

So long as the Securities are eligible for book-entry settlement with the Depositary, or unless otherwise required by law, or otherwise contemplated by Section 2.11(b), all of the Securities will be represented by one or more Securities in global form registered in the name of the Depositary or the nominee

of the Depositary (a "Global Security"). The transfer and exchange of beneficial interests in any such Global Security shall be effected through the Depositary in accordance with this Indenture and the applicable procedures of the Depositary. Except as provided in Section 2.11(b), beneficial owners of a Global Security shall not be entitled to have certificates registered in their names, will not receive or be entitled to receive physical delivery of certificates in definitive form and will not be considered holders of such Global Security.

Each Global Security shall represent such of the outstanding Securities as shall be specified therein and each shall provide that it shall represent the aggregate Original Principal Amount of outstanding Securities from time to time endorsed thereon and that the aggregate Original Principal Amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, redemptions, purchases or conversions of such Securities. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the Original Principal Amount of outstanding Securities represented thereby shall be made by the Trustee in accordance with the standing instructions and procedures existing between the Depositary and the Trustee.

Each Security shall be dated the date of its authentication.

Section 2.02. Execution and Authentication. Two Officers (or one Officer and an Assistant Treasurer or an Assistant Secretary) shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

A Security shall not be valid until the Trustee manually signs the certificate of authentication on the Security. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee shall authenticate and deliver Securities for original issue in an aggregate Original Principal Amount of \$850,000,000 (up to \$1,000,000,000 if the Initial Purchasers' option set forth in the Purchase Agreement is exercised in full) upon a Company Order without any further action by the Company. The Securities shall be issued only in registered form without coupons and only in denominations of \$1,000 Original Principal Amount and any integral multiple thereof. The aggregate Original Principal Amount of Securities outstanding at any time may not exceed the amount set forth in the first sentence of this paragraph, subject to the parenthetical set forth therein, except as provided in Section 2.06.

Section 2.03. Registrar, Paying Agent, Conversion Agent and Trustee. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange ("Registrar"), an office or agency where Securities may be presented for purchase or payment ("Paying Agent") and an office or agency where Securities may be presented for conversion ("Conversion Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may have one or more co-registrars, one or more additional paying agents and one or more additional conversion agents. The term Paying Agent includes any additional paying agent and the term Conversion Agent includes any additional conversion agent.

The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar, Paying Agent, Trustee or Conversion Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 5.07. The Company or any Subsidiary or an Affiliate of either of them may act as Paying Agent, Registrar, Trustee, Conversion Agent or co-registrar.

The Company initially appoints the Trustee as Registrar, Conversion Agent and Paying Agent in connection with the Securities.

Section 2.04. Paying Agent to Hold Money and Securities in Trust. Except as otherwise provided herein, on or prior to each due date of payments in respect of any Security, the Company shall deposit with the Paying Agent a sum of money (in immediately available funds if deposited on the due date) or, if applicable, Common Stock sufficient to make such payments when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders and/or the Trustee all money and Common Stock held by the Paying Agent for the making of payments in respect of the Securities and shall notify the Trustee of any default by the Company in making any such payment. At any time during the continuance of any such default, the Paying Agent shall, upon the written request of the Trustee, forthwith pay to the Trustee all money and Common Stock so held in trust. If the Company, a Subsidiary or an Affiliate of either of them acts as Paying Agent, it shall segregate the money and Common Stock held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money and Common Stock held by it to the Trustee and to account for any funds and Common Stock disbursed by it. Upon doing so, the Paying Agent shall have no further liability for the money or Common Stock.

Section 2.05. Transfer and Exchange. (a) Subject to Section 2.11 hereof, upon surrender for registration or transfer of any Security, together with a written instrument of transfer satisfactory to the Registrar duly executed by the

Holder or such Holder's attorney duly authorized in writing, at the office or agency of the Company designated as Registrar or co-registrar pursuant to Section 2.03, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denomination or denominations, of a like aggregate Original Principal Amount. The Company shall not charge a service charge for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the transfer or exchange of the Securities from the Holder requesting such transfer or exchange.

The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities in respect of which a Purchase Notice or Fundamental Change Purchase Notice has been given and not withdrawn by the Holder thereof in accordance with the terms of this Indenture (except, in the case of Securities to be purchased in part, the portion thereof not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

(b) Notwithstanding any provision to the contrary herein, so long as a Global Security remains outstanding and is held by or on behalf of the Depository, transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.11 and this Section 2.05(b). Transfers of a Global Security shall be limited to transfers of such Global Security in whole, or in part, to nominees of the Depository or to a successor of the Depository or such successor's nominee.

(c) Successive registrations and registrations of transfers and exchanges as aforesaid may be made from time to time as desired, and each such registration shall be noted on the register for the Securities.

(d) Any Registrar appointed pursuant to Section 2.03 hereof shall provide to the Trustee such information as the Trustee may reasonably require in connection with the delivery by such Registrar of Securities upon transfer or exchange of Securities.

(e) No Registrar shall be required to make registrations of transfer or exchange of Securities during any periods designated in the text of the Securities or in this Indenture as periods during which such registration of transfers and exchanges need not be made.

(f) Prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision),

if Securities are issued upon the transfer, exchange or replacement of Securities subject to restrictions on transfer and bearing the legends on the form of Security attached hereto as Exhibit A setting forth such restrictions (collectively, the "Legend"), or if a request is made to remove the Legend on a Security, the Securities so issued shall bear the Legend, or the Legend shall not be removed, as the case may be, unless there is delivered to the Company and the Registrar such satisfactory evidence, which shall include an Opinion of Counsel, as may be reasonably required by the Company and the Registrar, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 under the Securities Act or that such Securities are not "restricted" within the meaning of Rule 144 under the Securities Act. Upon (i) provision of such satisfactory evidence or (ii) notification by the Company to the Trustee and Registrar of the sale of such Security pursuant to a registration statement that is effective at the time of such sale, the Trustee, at the written direction of the Company, shall authenticate and deliver a Security that does not bear the Legend. If the Legend is removed from the face of a Security and the Security is subsequently held by an Affiliate of the Company, the Legend shall be reinstated. Any shares of Common Stock issued upon conversion of Securities that bear the Legend shall bear a restricted legend substantially identical to the Legend (except that such Legend shall not refer to any shares of Common Stock issuable upon conversion of Securities).

(g) Nothing in this Indenture or in the Securities shall prohibit the sale or other transfer of any Securities (including beneficial interests in Global Securities) to the Company or any of its Subsidiaries.

Section 2.06. Replacement Securities. If (a) any mutilated Security is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon its written request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and Original Principal Amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, or is about to be purchased by the Company pursuant to Articles 12 or 13 hereof, the Company in its discretion may, instead of issuing a new Security, pay or purchase such Security, as the case may be.

Upon the issuance of any new Securities under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.07. Outstanding Securities; Determinations of Holders' Actions. Securities outstanding at any time are all the Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those delivered to it pursuant to Section 2.06 and those described in this Section 2.07 as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate thereof holds the Security; provided, however, that in determining whether the Holders of the requisite Original Principal Amount of Securities have given or concurred in any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Subject to the foregoing, only Securities outstanding at the time of such determination shall be considered in any such determination (including, without limitation, determinations pursuant to Articles 4 and 8).

If a Security is replaced pursuant to Section 2.06, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a protected purchaser.

If the Paying Agent holds, in accordance with this Indenture, on a Redemption Date, or on the Business Day following a Purchase Date or a Fundamental Change Purchase Date, or on Stated Maturity, money or securities, if permitted hereunder, sufficient to pay Securities payable on that date, then immediately after such Redemption Date, Purchase Date, Fundamental Change Purchase Date or Stated Maturity, as the case may be, such Securities shall cease

to be outstanding and interest (including Contingent Interest and Additional Interest, if any) on such Securities shall cease to accrue; provided, that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made.

If a Security is converted in accordance with Article 11, then from and after the time of conversion on the Conversion Date, such Security shall cease to be outstanding and interest (including Contingent Interest, if any) shall cease to accrue on such Security, unless the Holder of such Security retracts the Notice of Conversion pursuant to Section 11.02.

Section 2.08. Temporary Securities. Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 2.03, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like Original Principal Amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

Section 2.09. Cancellation. All Securities surrendered for payment, purchase by the Company pursuant to Article 12 and Article 13, conversion, redemption or registration of transfer or exchange shall, if surrendered to any person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Company or any Subsidiary may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder that the Company or any Subsidiary may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. The Company may not issue new Securities to replace Securities it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article 11. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as

expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary practice.

Section 2.10. Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of the Security or the payment of any Redemption Price, Purchase Price or Fundamental Change Purchase Price in respect thereof, and interest thereon, for the purpose of conversion and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 2.11. Global Securities.

(a) Notwithstanding any other provisions of this Indenture or the Securities, transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.05 and this Section 2.11. A Global Security may not be transferred, in whole or in part, to any Person other than the Depository or a nominee or any successor thereof, and no such transfer to any such other Person may be registered; provided that this clause (a) shall not prohibit any transfer of a Security that is issued in exchange for a Global Security but is not itself a Global Security. No transfer of a Security to any Person shall be effective under this Indenture unless and until such Security has been registered in the name of such Person.

(b) Notwithstanding any other provisions of this Indenture or the Securities, a Global Security shall not be exchanged in whole or in part for a Security registered in the name of any Person other than the Depository or one or more nominees thereof, provided that a Global Security may be exchanged for Securities registered in the names of any person designated by the Depository in the event that (i) the Depository has notified the Company that it is unwilling or unable to continue as Depository for such Global Security or such Depository has ceased to be a "clearing agency" registered under the Exchange Act, and a successor Depository is not appointed by the Company within 90 days or (ii) the Company decides to discontinue the use of the system of book-entry transfer through the Depository (or any successor Depository). Any Global Security exchanged pursuant to clause (a) above shall be so exchanged in whole and not in part. Any Security issued in exchange for a Global Security or any portion thereof shall be a Global Security; provided that any such Security so issued that is registered in the name of a Person other than the Depository or a nominee thereof shall not be a Global Security.



(c) Securities issued in exchange for a Global Security or any portion thereof shall be issued in definitive, fully registered form, without interest coupons, shall have an aggregate Original Principal Amount equal to that of such Global Security or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depositary shall designate and shall bear the applicable Legends provided for herein. Any Global Security to be exchanged in whole shall be surrendered by the Depositary to the Trustee or the Registrar. With regard to any Global Security to be exchanged in part, either such Global Security shall be so surrendered for exchange or, if the Trustee is acting as custodian for the Depositary or its nominee with respect to such Global Security, the Original Principal Amount thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Security issuable on such exchange to or upon the order of the Depositary or an authorized representative thereof.

(d) Subject to the provisions of Section 2.11(f) below, the registered Holder may grant proxies and otherwise authorize any Person, including Agent Members (as defined below) and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(e) In the event of the occurrence of any of the events specified in Section 2.11(b) above, the Company will promptly make available to the Trustee a reasonable supply of certificated Securities in definitive, fully registered form, without interest coupons.

(f) Neither any members of, or participants in, the Depositary (collectively, the "Agent Members") nor any other Persons on whose behalf Agent Members may act shall have any rights under this Indenture with respect to any Global Security registered in the name of the Depositary or any nominee thereof, or under any such Global Security, and the Depositary or such nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company or the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or such nominee, as the case may be, or impair, as between the Depositary, its Agent Members and any other person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a holder of any Security.

Section 2.12. Legends.

(a) Subject to the succeeding paragraph, every Security shall be subject to the restrictions on transfer provided in the Legend including the delivery of a certification or an Opinion of Counsel as set forth in the Legend, if so requested by the Company or the Registrar.

(b) The restrictions imposed by the Legend upon the transferability of any Security shall cease and terminate when such Security has been sold pursuant to an effective registration statement under the Securities Act or transferred in compliance with Rule 144 under the Securities Act (or any successor provision thereto) or, if earlier, upon the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision). Any Security as to which such restrictions on transfer shall have expired in accordance with their terms or shall have terminated may, upon a surrender of such Security for exchange to the Registrar in accordance with the provisions of this Section 2.12 (accompanied, in the event that such restrictions on transfer have terminated by reason of a transfer in compliance with Rule 144 or any successor provision, by an opinion of counsel having substantial experience in practice under the Securities Act and otherwise reasonably acceptable to the Company, addressed to the Company and the Registrar and in form acceptable to the Company, to the effect that the transfer of such Security has been made in compliance with Rule 144 or such successor provision), be exchanged for a new Security, of like tenor and aggregate Original Principal Amount, which shall not bear the restrictive Legend. The Company shall inform the Trustee of the effective date of any registration statement registering the Securities under the Securities Act. The Trustee and the Registrar shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the aforementioned opinion of counsel or registration statement.

(c) As used in the preceding two paragraphs of this Section 2.12, the term "transfer" encompasses any sale, pledge, transfer, hypothecation or other disposition of any Security.

Section 2.13. Payment of Interest; Interest Rights Preserved. Interest, including Contingent Interest and Additional Interest, if any, on any Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 9.02. However, the Company may make such interest payments by check payable to or upon the written order of the Person entitled thereto pursuant to Section 17.03, to the address of such Person as it appears on the Security Register; provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest (including Contingent Interest, if any) on all Global Securities and all

Securities of Holders of more than \$25,000,000 aggregate Original Principal Amount of Securities that have requested such method of payment and provided wire transfer instructions to the Company or the Paying Agent at least five Business Days prior to the applicable Interest Payment Date.

Any interest or Contingent Interest on any Security that is payable but is not punctually paid or duly provided for on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities (or Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (b).

(b) The Company may make payment of any Defaulted Interest on the Securities in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 2.14. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the CUSIP numbers.

Section 2.15. Securityholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders of Securities. If the Trustee is not the Registrar, the Company shall furnish or cause to be furnished to the Trustee on or before each Interest Payment Date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders of Securities.

### ARTICLE 3

#### Satisfaction and Discharge

Section 3.01. Discharge of Liability on Securities. When (i) the Company delivers to the Trustee or any Paying Agent all outstanding Securities (other than Securities replaced pursuant to Section 2.06 of the Indenture) for cancellation or (ii) all outstanding Securities have become due and payable, whether at Stated Maturity, any Redemption Date, any Purchase Date, a Fundamental Change Purchase Date, or upon conversion or otherwise, and the Company deposits with the Trustee or any Paying Agent cash or, if expressly permitted by the terms of the Securities, Common Stock sufficient to pay all amounts due and owing on all outstanding Securities (other than Securities replaced pursuant to Section 2.06), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 5.07, cease to be of further effect, except for the indemnification of the Trustee, which shall survive such satisfaction and discharge. The Trustee shall join in the execution of a document prepared by the Company acknowledging satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and Opinion of Counsel and at the reasonable cost and expense of the Company.

Section 3.02. Repayment of Moneys Held by Trustee. Any moneys deposited with the Trustee or any Paying Agent for the payment of the principal of or interest on any Security and not applied but remaining unclaimed by the Holders for two years after the date upon which the payment for such Security shall have become due and payable, shall be repaid to the Company by the Trustee or such Paying Agent on demand; and the Holder of any of the Securities entitled to receive such payment shall thereafter look only to the Company for the payment thereof and all liability of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

#### ARTICLE 4

##### Remedies

Section 4.01. Events of Default. "Event of Default", wherever used herein with respect to the Securities, means any one of the following events:

- (a) default in the payment of any interest (including Contingent Interest and Additional Interest, if any) upon any Security when it becomes due and payable and continuance of such default for a period of 30 days; or
- (b) default in the payment of the Accreted Principal Amount, Redemption Price, Purchase Price or Fundamental Change Purchase Price with respect to any Security when such payment becomes due and payable pursuant to the terms hereof; or
- (c) following the exercise by a Holder of the right to convert a Security in accordance with Article 11 hereof, the Company (x) fails to deliver the cash, if any, required to be delivered as part of the applicable Conversion Settlement Distribution pursuant to Section 11.03 or as part of the Principal Value Conversion pursuant to Section 11.01(c), whichever is applicable, or (y) fails to deliver the Common Stock required to be delivered pursuant to Section 11.02 or 11.03, in each case within the time periods set forth in Section 11.02 and such failure continues for ten days following receipt by the Company and the Trustee of written notice of such failure from the converting Holder; or
- (d) default in the performance, or breach, of any covenant or agreement of the Company in this Indenture (other than a covenant or agreement a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% in aggregate Original Principal Amount of the Securities then outstanding, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(e) the Company pursuant to or within the meaning of any Bankruptcy

Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a Custodian of it or for all or substantially all of its property, or

(iv) makes a general assignment for the benefit of its creditors; or

(f) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company in an involuntary case,

(ii) appoints a Custodian of the Company or for all or substantially all of the property of the Company, or

(iii) orders the winding up or liquidation of the Company,

and the order or decree remains unstayed and in effect for 90 days.

"Custodian" means, for the purposes of this Section 4.01(e) and (f) only, any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

Section 4.02. Acceleration of Maturity; Rescission and Annulment.

(a) If an Event of Default (other than an Event of Default specified in Sections 4.01(e) or 4.01(f)) occurs and is continuing, the Trustee by written notice to the Company, or the Holders of at least 25% in aggregate Original Principal Amount of the Securities at the time outstanding by written notice to the Company and the Trustee, may declare the Accreted Principal Amount of the Securities through the date of such declaration, and any accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) through the date of such declaration, on all the Securities to be immediately due and payable. Upon such a declaration, such Accreted Principal Amount, and such accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) shall be due and payable immediately. If an Event of Default specified in Sections 4.01(e) or 4.01(f)) occurs and is continuing, the Accreted Principal Amount, and any accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) on all the Securities to the date of the

occurrence of such Event of Default shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Section 4.03. Collection Suit by Trustee. If an Event of Default in payment of interest or principal specified in Section 4.01(a) or (b) occurs and is continuing, subject to Section 4.02 and 4.12 the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of Accreted Principal Amount and interest, if any, remaining unpaid.

Section 4.04. Other Remedies. If an Event of Default with respect to the Securities occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of the Accreted Principal Amount, Redemption Price, Purchase Price, Fundamental Change Purchase Price or interest (including Contingent Interest and Additional Interest, if any) on the Securities or to enforce the performance of any provision of such Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

Section 4.05. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceedings relative to the Company, or any of its creditors or property, and unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other person performing similar functions.

Section 4.06. Application of Money Collected. Any money collected by the Trustee pursuant to this Article 4 shall be applied in the following order:

FIRST: To the payment of all amounts due the Trustee under Section 5.07;

SECOND: To the payment of the amounts then due and unpaid for Accreted Principal Amount, Redemption Price, Purchase Price, Fundamental Change Purchase Price and interest (including Contingent Interest and Additional Interest, if any) on the Securities in respect of

which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities; and

THIRD: To the payment of the remainder, if any, to the Company or as a court of competent jurisdiction may direct.

#### Section 4.07. Limitation on Suits.

(a) No Holder of any Security shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(i) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities held by that Holder;

(ii) the Holders of not less than 25% in aggregate Original Principal Amount of the outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(iii) such Holder or Holders shall have offered to the Trustee reasonable indemnity satisfactory to it as it may require against the costs, expenses and liabilities to be incurred in compliance with such request;

(iv) no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 4.11 during such 60-day period by the Holders of a majority in Original Principal Amount of the outstanding Securities; and

(v) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding.

(b) A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain preference or priority over any other Holder.

Section 4.08. Unconditional Right of Holders to Receive Principal and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the Accreted Principal Amount, Redemption Price, Purchase Price, Fundamental Change Purchase Price and interest (including Contingent Interest and Additional Interest, if any) on such Security after the respective due dates expressed in such Security, and to convert the Securities in accordance with Article 11, and to institute suit for the enforcement of any such payment on or



after such respective dates, and such rights shall not be impaired without the consent of such Holder.

Section 4.09. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 2.06, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 4.10. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article 4 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 4.11. Control by Holders. The Holders of a majority in aggregate Original Principal Amount of the outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities; provided, however, that

(i) such direction shall not be in conflict with any rule of law or with this Indenture,

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,

(iii) such direction is not unduly prejudicial to the rights of Holders not taking part in such direction, and

(iv) such direction would not involve the Trustee in personal liability, as the Trustee, upon being advised by counsel, shall reasonably determine.

Section 4.12. Waiver of Past Defaults.

(a) Before a declaration that the Accreted Principal Amount of the Securities and any accrued or unpaid interest (including Contingent Interest and

Additional Interest, if any) shall be due and payable immediately is made pursuant to Section 4.02(a), the Holders of at least a majority in aggregate Original Principal Amount of the outstanding Securities may on behalf of the Holders of all the Securities by notice to the Trustee waive any past default hereunder with respect to such Securities and its consequences, except a Default that is (i) an Event of Default described in Section 4.01(a) or Section 4.01(b) or (ii) in respect of a covenant or provision hereof which under Article 8 cannot be modified or amended without the consent of the Holder of each outstanding Security.

(b) Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, and the Company, the Trustee and Holders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 4.13. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Security by the Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in Original Principal Amount of the outstanding Securities, or to any suit instituted by any Holder pursuant to Section 4.08. This Section 4.13 shall be in lieu of Section 315(e) of the TIA and such Section 315(e) is hereby expressly excluded from this Indenture, as permitted by the TIA.

#### ARTICLE 5

##### The Trustee

Section 5.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall with respect to Securities exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, notices or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates, notices and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 4.11.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree with the Company.

Section 5.02. Rights Of Trustee. (a) Subject to Section 5.01, the Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

(e) The Trustee may consult with counsel of its selection and, to the maximum extent permitted by the TIA, the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(h) To the maximum extent permitted by the TIA, in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(i) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

(j) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are

extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(k) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not suspended.

Section 5.03. Individual Rights of Trustee, etc. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or any of its Affiliates with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee must comply with Section 5.10 and 5.11.

Section 5.04. Trustee's Disclaimer. The Trustee makes no representations as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement in the Securities other than its certificate of authentication.

Section 5.05. Notice of Defaults. If a Default occurs with respect to the Securities and is continuing and if it is known to the Trustee, the Trustee shall mail to each Holder of Securities of that series notice of the Default within 90 days after it occurs. Except in the case of a default in payment on any Security, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of such Holders.

Section 5.06. Reports by Trustee to Holders. If required pursuant to TIA Section 313(a), the Trustee, within 60 days after each May 15, shall mail to each Securityholder a brief report dated as of May 15 that complies with TIA Section 313(a). The Trustee also shall comply with the reporting obligations of TIA Section 313(b).

A copy of each report at the time of its mailing to Securityholders shall be filed with the SEC and each stock exchange on which the Securities are listed. The Company agrees to notify the Trustee whenever the Securities become listed on any stock exchange.

Section 5.07. Compensation and Indemnity. The Company shall pay to the Trustee from time to time such compensation for its services as shall be agreed upon in writing by the Company and the Trustee. The Company shall

reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it. Such expenses shall include the reasonable compensation and expenses of the Trustee's agents and counsel. The Company shall indemnify the Trustee against any and all loss, liability, damage, claim or expense, including taxes (other than those based upon, measured by or determined by the income of the Trustee) incurred by it in connection with the administration of this trust and its duties hereunder. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company need not pay for any settlement made without its consent. The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through negligence or bad faith.

To secure the Company's payment obligations in this Section, the Trustee shall have a senior claim to which the Securities are hereby made subordinate on all money or property held or collected by the Trustee, except that held in trust to pay principal of and interest, if any, on particular Securities.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 4.01(e) or Section 4.01(f), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the termination of this Indenture and the resignation or removal of the Trustee.

Section 5.08. Replacement of Trustee. The Trustee may resign with respect to the Securities by so notifying the Company. The Holders of a majority in principal amount of the Securities may remove the Trustee by so notifying the removed Trustee and may appoint a successor Trustee with the Company's consent. The Company may remove the Trustee if:

- (a) the Trustee fails to comply with Section 5.10;
- (b) the Trustee is adjudged a bankrupt or an insolvent;
- (c) a receiver or other public officer takes charge of the Trustee or its property; or
- (d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of trustee for any reason, the Company shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after that, the retiring Trustee shall transfer all property held by it as Trustee for the benefit of the series with respect to which it is retiring to the successor Trustee, the resignation or removal of the retiring Trustee shall then become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture with respect to that series. A successor Trustee shall mail notice of its succession to each Holder of the Securities.

If a successor Trustee with respect to the Securities does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of a majority in principal amount of the Securities may petition any court of competent jurisdiction, at the expense of the Company in the case of the Trustee, for the appointment of a successor Trustee.

If the Trustee with respect to the Securities fails to comply with Section 5.10, any Holder of Securities of that series may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

If there are two or more Trustees at any time under this Indenture, each will be the Trustee of a separate trust held under this Indenture for the benefit of the series of Securities for which it is acting as Trustee and the rights and obligations of each Trustee will be determined as if it were acting under a separate indenture.

Section 5.09. Successor Trustee by Merger, etc. If the Trustee consolidates with, merges or converts into or transfers all or substantially all its corporate trust assets to another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

Section 5.10. Eligibility; Disqualification. This Indenture shall always have a Trustee that satisfies the requirements of TIA Section 310(a). The Trustee shall have a combined capital and surplus of at least \$5,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA Section 310(b).

Section 5.11. Preferential Collection of Claims Against Company. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 6  
[Reserved]

ARTICLE 7  
Consolidation, Merger, Sale or Conveyance

Section 7.01. Consolidations and Mergers of Company Permitted Subject to Certain Conditions. The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets to any Person, unless:

(a) either (i) the Company shall be the continuing Company or (ii) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, substantially all of the assets of the Company shall be a corporation organized and existing under the laws of the United States of America, any political subdivision thereof or any State thereof and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the Accreted Principal Amount, Redemption Price, Purchase Price or Fundamental Change Purchase Price with respect to any Security and any interest (including Contingent Interest and Additional Interest, if any) on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction, no Default or Event of Default, shall have happened and be continuing; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with this Article 7 and that all conditions precedent herein provided for relating to such transaction have been met.

Section 7.02. Rights and Duties of Successor Entity. Upon any consolidation with or merger into any other corporation, or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 7.01, the successor entity formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein, and thereafter, except in the case of a lease, the Company (which term for this purpose shall mean the Person named as the "Company" in the first



paragraph of this instrument or any successor entity which shall theretofore have become such in the manner presented in this Article 7) shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE 8  
Supplemental Indentures

Section 8.01. Supplemental Indentures Without Consent of Holders.

(a) The Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the TIA as in force at the date of the execution thereof) for one or more of the following purposes:

(i) to evidence the succession of another corporation or entity to the Company, or successive successions, under the provisions of Section 7.01 hereof and the assumption by the successor corporation or entity of the covenants, agreements and obligations of the Company under this Indenture and under the Securities;

(ii) to surrender any of the Company's rights or powers under the indenture, to add to the Company's covenants further covenants, restrictions, conditions, or provisions for the protection of the holders of the Securities, and to make a default in any of these additional covenants, restrictions, conditions, or provisions a Default or an Event of Default under the indenture;

(iii) to cure any ambiguity or to make corrections to any provision herein or to make such other provisions with respect to matters or questions arising under this Indenture, provided such action shall not materially adversely affect the interests of the Holders of Securities (excluding any change for which the consent of the Holder of each Security affected by such change is required by Section 8.02);

(iv) to modify or amend this Indenture to permit the qualification of this Indenture or any supplemental indenture under the Trust Indenture Act of 1939 as then in effect;

(v) to add guarantees with respect to the Securities or to secure the Securities;

(vi) to make any change (excluding any change for which the consent of the Holder of each Security affected by such change is

required by Section 8.02) that does not materially adversely affect the rights of any Holder; and

(vii) to evidence and provide for the acceptance of appointment hereunder by a successor or separate Trustee with respect to the Securities and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder.

(b) Any amendment described in clause (a)(iii) above made solely to conform this Indenture to the final offering memorandum provided to investors in connection with the initial offering of the Securities by the Company will not be deemed to materially adversely affect the interests of Holders.

(c) The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder.

(d) Any supplemental indenture authorized by the provisions of this Section 8.01 may be executed by the Company and the Trustee without the consent of the Holders of any of the outstanding Securities, notwithstanding any of the provisions of Section 8.02.

Section 8.02. Supplemental Indentures with Consent of Holders. With the consent of the Holders of at least a majority in Original Principal Amount of the outstanding Securities, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the TIA as in force at the date of execution thereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of Securities; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each outstanding Security affected thereby:

(a) reduce the percentage in Original Principal Amount of the Securities the consent of whose holders is required for any amendment to this Indenture;

(b) reduce the rate of or extend the time for payment on interest of any Security or reduce the amount of any interest payment to be made with respect to any Security or to alter the manner of calculation or rate of Contingent Interest

or Additional Interest payable on any Security or extend the time for payment of any such amount; or to alter the manner of calculation of Accreted Interest or Accreted Principal Amount or to alter the definition of Applicable Yield;

(c) reduce the Original Principal Amount or Accreted Principal Amount of or change the stated maturity of Accreted Principal Amount of, or any installment of Accreted Principal Amount or interest on, any Security;

(d) reduce the Redemption Price, Purchase Price or Fundamental Change Purchase Price or change the time at which any Security may or shall be redeemed or purchased;

(e) make any Security payable in a different currency;

(f) make any change in provisions of this Indenture relating to waivers of defaults or amendments that require unanimous consent;

(g) change any place of payment where any Security or interest thereon is payable;

(h) make any change that adversely affects the right of the Holders to convert the Securities under Article 11 of this Indenture or reduces the amount payable upon conversion;

(i) impair the right to bring a lawsuit for the enforcement of any payment on or after the Stated Maturity (or in the case of redemption pursuant to Article 10 hereof or purchase pursuant to Article 12 or Article 13 hereof, on or after the Redemption Date, Purchase Date or Fundamental Change Purchase Date, as the case may be); or

(j) modify any of the provisions of this Section 8.02, except to increase the percentage in Original Principal Amount of Securities whose holders must consent to an amendment or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each outstanding Security affected by such modification or waiver.

Upon the request of the Company accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture. It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 8.03. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article 8 or the modifications thereby of the trusts created by this Indenture, the Trustee shall be provided with, and (subject to Section 5.01) shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 8.04. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture pursuant to the provisions of this Article 8, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 8.05. Notation on or Exchange of Securities. If an amendment, supplement or waiver changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security about the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determine, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms.

#### ARTICLE 9 Covenants of the Company

Section 9.01. Payment of Principal and Interest. The Company covenants and agrees that it will duly and punctually pay or cause to be paid all payments in respect of the Securities in accordance with the terms of the Securities and this Indenture. Any amounts to be given to the Trustee or Paying Agent shall be deposited with the Trustee or Paying Agent by 10:00 a.m. New York City time by the Company at the latest on the day such payment is due. Accreted Principal Amount, Redemption Price, Purchase Price, Fundamental Change Purchase Price and interest (including Contingent Interest and Additional Interest, if any), shall be considered paid on the applicable date due if on such date (or, in the case of a Purchase Price or Fundamental Change Purchase Price, on the Business Day following the applicable Purchase Date or Fundamental Change Purchase Date, as the case may be) the Trustee or the

Paying Agent holds, in accordance with this Indenture, money or securities, if permitted hereunder, sufficient to pay all such amounts then due.

Section 9.02. Maintenance of Office or Agency. The Company shall maintain an office or agency of the Trustee, Registrar, Paying Agent and Conversion Agent where the Securities may be presented or surrendered for payment, where the Securities may be surrendered for registration of transfer or exchange, where the Securities may be surrendered for purchase, redemption or conversion and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands. The Corporate Trust Office of the Trustee, shall initially be such office or agency for all of the aforesaid purposes.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations.

Section 9.03. Calculation of Tax Original Issue Discount. The Company shall file with the Trustee promptly at the end of each calendar year (i) a written notice specifying the amount of Tax Original Issue Discount (including daily rates and accrual periods) accrued on the Securities as of the end of such year and (ii) such other specific information relating to such Tax Original Issue Discount as may then be reasonably requested by the Trustee and relevant under the Internal Revenue Code of 1986, as amended from time to time or the Treasury Regulations promulgated thereunder.

Section 9.04. Further Instruments and Acts. The Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper or as the Trustee may reasonably request to carry out more effectively the purposes of this Indenture.

Section 9.05. Notice of Additional Interest.

(a) As soon as practicable following the first Business Day of an Interest Period for which Additional Interest will be payable, the Company shall issue a press release containing this information and publish the information on its website on the World Wide Web.

(b) On any Interest Payment Date on which Additional Interest is payable, the Company shall issue a press release stating the amount of such Additional Interest and setting forth the manner in which such amount was calculated, and publish such information on its website on the World Wide Web.

Section 9.06. Contingent Debt Treatment. The Company agrees, and by acceptance of a beneficial interest in a Security each Holder and any beneficial owner of a Security shall be deemed to agree, to treat, for United States federal income tax purposes, the Securities as debt instruments that are subject to Treasury Regulation Section 1.1275-4 or any successor provision (the "contingent debt regulations") and to be bound (in the absence of an administrative determination or judicial ruling to the contrary) by the Company's determination of the comparable yield and projected payment schedule within the meaning of the contingent debt regulations. Holders or beneficial owners may obtain the issue price, amount of Tax Original Issue Discount, issue date, yield to maturity, comparable yield and a copy of the projected payment schedule, determined by the Company pursuant to the contingent debt regulations, by submitting a written request for it to the Company at the following address: Lockheed Martin Corporation, 6801 Rockledge Drive, Bethesda, Maryland, 20817, Attention: Treasurer.

The Company acknowledges and agrees, and by acceptance of a beneficial interest in a Security each Holder and any beneficial owner of a Security shall be deemed to acknowledge and agree, that (i) the comparable yield means the annual yield the Company would pay, as of the issue date, on a noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to those of the Securities and (ii) the comparable yield and the projected payment schedule that a Holder or beneficial owner may obtain as described above do not constitute a representation by the Company regarding the actual amounts that will be paid on the Securities or the value of the Common Stock into which the Securities may be converted.

Section 9.07. Reports by Company. The Company shall file with the Trustee, within 15 days after it files such annual and quarterly reports, information, documents and other reports with the Commission, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. The Company also shall comply with the other provisions of TIA Section 314(a).

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of

its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

If at any time while any of the Securities are "restricted securities" within the meaning of Rule 144, the Company is no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will prepare and will furnish to any Holder, any beneficial owner of Securities and any prospective purchaser of Securities designated by a Holder or a beneficial owner of Securities, promptly upon request, the information required pursuant to Rule 144A(d)(4) (or any successor thereto) under the Securities Act in connection with the offer, sale or transfer of Securities.

Section 9.08. Compliance Certificate. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company an Officers' Certificate, one of the signatories to which is the chief executive, chief accounting or chief financial officer, stating whether or not the signers know of any default by the Company in performing its covenants in this Article 9. If they do know of such a default, the certificate shall describe the default. The certificate need not comply with Section 17.05.

#### ARTICLE 10 Redemption of Securities

Section 10.01. Right to Redeem; Notices to Trustee. Prior to August 15, 2008, the Securities shall not be redeemable at the option of the Company. Beginning on August 15, 2008 and until the Stated Maturity, the Securities are redeemable for cash as a whole, or from time to time in part, at the option of the Company at the Redemption Price; provided that if the Redemption Date is an Interest Payment Date, accrued and unpaid interest (including Contingent Interest or Additional Interest, if any) shall be paid to the Holder of record as of the applicable Regular Record Date, rather than to the Holder presenting the Security for redemption. If the Company elects to redeem Securities, it shall notify the Trustee in writing of the Redemption Date, the Original Principal Amount of Securities to be redeemed and the Redemption Price.

The Company shall give the notice by mail to the Trustee provided for in this Section 10.01 by a Company Order not less than 50 days before the Redemption Date.

Section 10.02. Selection of Securities to Be Redeemed. If less than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed pro rata or by lot or by any other method the Trustee considers fair and appropriate (so long as such method is not prohibited by the rules of any stock exchange on which the Securities are then listed). The Trustee shall make the

selection at least 20 days but not more than 60 days before the Redemption Date from outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the Original Principal Amount of Securities that have denominations larger than \$1,000. Securities and portions of them the Trustee selects shall be in Original Principal Amounts of \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

If any Security selected for partial redemption is converted in part before the Business Day immediately preceding the Redemption Date, the converted portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption. Securities which have been converted during a selection of Securities to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection.

Section 10.03. Notice of Redemption. (a) At least 20 days but not more than 60 days before a Redemption Date, the Company shall mail a notice of redemption by first-class mail, postage prepaid, to each Holder of Securities to be redeemed.

(b) The notice shall identify the Securities to be redeemed (including the CUSIP numbers) and shall at a minimum state:

- (i) the Redemption Date;
- (ii) the Redemption Price;
- (iii) the Conversion Rate;
- (iv) the name and address of the Paying Agent and Conversion Agent;
- (v) that Securities called for redemption may be converted at any time before the close of business on the Business Day immediately preceding the Redemption Date;
- (vi) that Holders who want to convert Securities must satisfy the requirements set forth in the applicable provisions of the Securities;
- (vii) whether the Company will deliver cash, Common Stock or a combination of cash and Common Stock in the event a Holder converts Securities called for redemption;



(viii) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(ix) if fewer than all the outstanding Securities are to be redeemed, the certificate number and Original Principal Amounts of the particular Securities to be redeemed;

(x) that, unless the Company defaults in making payment of such Redemption Price, interest (including Contingent Interest and Additional Interest, if any) on Securities called for redemption will cease to accrue on and after the Redemption Date; and

(xi) the CUSIP number of the Securities.

(c) At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense, provided that the Company makes such request at least three Business Days prior to such notice of redemption.

Section 10.04. Effect of Notice of Redemption. Once notice of redemption is given, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price stated in the notice, except for Securities which are converted in accordance with the terms of this Indenture. Upon surrender to the Paying Agent, such Securities shall be paid at the Redemption Price stated in the notice.

Section 10.05. Deposit of Redemption Price. Prior to 10:00 a.m., New York City time on the Redemption Date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary or an Affiliate of either of them is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the Redemption Price of all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which on or prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted. The Paying Agent shall as promptly as practicable return to the Company any money not required for that purpose because of conversion of Securities pursuant to Article 11. If such money is then held by the Company in trust and is not required for such purpose it shall be discharged from such trust.

Section 10.06. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate and deliver to the Holder a new Security in an authorized denomination equal in Original Principal Amount to the unredeemed portion of the Security surrendered.

ARTICLE 11  
Conversion

Section 11.01. Right to Convert.

(a) Subject to and upon compliance with the provisions of this Indenture the holder of any Security shall have the right, at such holder's option, to convert the Original Principal Amount of the Security, or any portion of such Original Principal Amount which is a multiple of \$1,000, into fully paid and nonassessable shares of Common Stock (as such shares shall then be constituted) at the Conversion Rate in effect at such time, by surrender of the Security so to be converted in whole or in part, together with any required funds, only under the circumstances described in this Section 11.01 and in the manner provided in Section 11.02.

Notwithstanding any other provision of the Securities or this Indenture, all Holders' rights with respect to conversion of the Securities and the Company's obligation to deliver shares of Common Stock at the Conversion Rate upon such conversion (the "Conversion Obligation"), are subject, in their entirety, to the Company's right, in its sole and absolute discretion, to elect to satisfy such Conversion Obligation in any manner permitted pursuant to Section 11.03.

(b) Securities may be surrendered for conversion into shares of Common Stock in integral multiples of \$1,000 Original Principal Amount

(i) during any calendar quarter commencing prior to August 15, 2028 (and only during such calendar quarter), if the Last Reported Sale Price of the Common Stock for at least 20 Trading Days in a period of 30 consecutive Trading Days ending on the last Trading Day of the previous calendar quarter is more than 130% of the Conversion Price as of the last day of such previous calendar quarter and

(ii) at any time after August 15, 2028 and prior to the Stated Maturity if, the Last Reported Sale Price of the Common Stock is greater than or equal to 130% of the Conversion Price on any day after August 15, 2028.

(c) Securities may be surrendered for conversion into shares of Common Stock in integral multiples of \$1,000 Original Principal Amount at any time during the five Business Day period after any five consecutive Trading Day period in which the Trading Price of the Securities for each day of such five Trading Day period was less than 98% of the product of the Last Reported Sale Price and the Conversion Rate as of each such Trading Day.

Notwithstanding the foregoing, if, on the date of any conversion pursuant to this Section 11.01(c), the Last Reported Sale Price of the Common Stock is between 100% and 130% of the Conversion Price as of such date, the Holders of Securities surrendered for conversion shall receive, in lieu of Common Stock based on the Conversion Rate, cash or Common Stock or a combination of cash and Common Stock, at the Company's option, with a value equal to the Accreted Principal Amount of Securities plus accrued and unpaid interest, if any, including Contingent Interest and Additional Interest, if any, as of the Conversion Date ("Principal Value Conversion"). If a Holder surrenders its Securities for a Principal Value Conversion, the Company shall notify such Holder by the second Trading Day following the Conversion Date whether the Company will pay such Holder all or a portion of the Accreted Principal Amount plus accrued and unpaid Contingent Interest and Additional Interest, if any, in cash, Common Stock or a combination of cash and Common Stock, and in what percentage. Any Common Stock delivered upon a Principal Value Conversion will be valued at the Applicable Stock Price. The Company will pay such Holder any portion of the Accreted Principal Amount plus accrued and unpaid Contingent Interest and Additional Interest, if any, to be paid in cash and deliver Common Stock with respect to any portion of the Accreted Principal Amount plus accrued and unpaid Contingent Interest and Additional Interest, if any, to be paid in Common Stock, no later than the fifth Business Day following the determination of the Applicable Stock Price.

In connection with any conversion pursuant to this Section 11.01(c), the Trustee shall not have any obligation to determine the Trading Price of the Securities unless the Company has requested such determination and the Company shall have no obligation to make such request unless a Holder provides the Company with reasonable evidence that the Trading Price is less than 98% of the product of the Last Reported Sale Price of the Common Stock and the Conversion Rate. At such time, the Company shall instruct the Trustee to determine the Trading Price of the Securities beginning on the next Trading Day and on each successive Trading Day until the Trading Price is greater than or equal to 98% of the product of the Last Reported Sale Price of the Common Stock and the Conversion Rate as of such Trading Day.

(d) Any Securities called for redemption under Article 10 hereof may be surrendered for conversion into shares of Common Stock in integral multiples of \$1,000 Original Principal Amount at any time prior to the close of business on the Business Day immediately preceding the Redemption Date, even if the Securities are not otherwise convertible at such time.

(e) Securities may be surrendered for conversion into shares of Common Stock in integral multiples of \$1,000 Original Principal Amount

(i) if the Company elects to distribute to all holders of Common Stock

(A) rights or warrants entitling them to purchase, for a period expiring within 60 days of the date of such distribution, Common Stock at less than the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the declaration date for such distribution or

(B) assets, debt securities or rights to purchase the Company's securities, which distribution has a per share value as determined by the Board of Directors exceeding 5% of the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the declaration date for such distribution

beginning on the date that the Company gives notice to the Holders of such right, which shall not be less than 20 days prior to the time ("Ex-Dividend Time") immediately prior to the commencement of "ex-dividend" trading for such distribution on the New York Stock Exchange or such other principal national or regional exchange or market on which the Common Stock is then listed or quoted for such dividend or distribution, and Securities may be surrendered for conversion at any time thereafter until the earlier of the close of business on the Business Day prior to the Ex-Dividend Time and the date the Company announces that such dividend or distribution will not take place; provided that Holders shall not have the right to surrender Securities for conversion pursuant to this Section 11.01(e)(i) if they will otherwise participate in the distribution described above without first converting Securities into Common Stock; or

(ii) if the Company is a party to a consolidation, merger or binding share exchange pursuant to which shares of Common Stock would be converted into cash, securities or other property as set forth in Section 11.10(ii), at any time from and after the date that is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual effective date of such transaction (or, if such transaction constitutes a Fundamental Change, until the applicable Fundamental Change Purchase Date) and, at the effective time of the transaction, the right to convert a Security into shares of Common Stock shall be changed into a right to convert such Security into the kind and amount of cash, securities or other property of the Company or another person that the Holder would have received if the Holder had converted such Security immediately prior to the transaction as set forth in Section 11.10.

(f) Securities may be surrendered for conversion into shares of Common Stock in integral multiples of \$1,000 Original Principal Amount, during any period in which (i) the credit rating assigned to the Securities by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., and its successors ("S&P") is below BB+, (ii) the credit rating assigned to the Securities by Moody's Investors Services and its successors ("Moody's") is below Ba1 or (iii) the Securities by are no longer rated by at least one of S&P or Moody's.

Section 11.02. Conversion Procedures. To convert a Security, a Holder must (a) complete and manually sign the Notice of Conversion or a facsimile of the Notice of Conversion on the back of the Security (the "Notice of Conversion") and deliver such notice to the Conversion Agent, (b) surrender the Security to the Conversion Agent, (c) furnish appropriate endorsements and transfer documents if required by the Registrar or the Conversion Agent, (d) if required, pay all transfer or similar taxes and (e) if required, pay funds equal to the interest payable on the next Interest Payment Date. To convert a beneficial interest in the Security, the holder thereof must comply with clauses (c) through (e) of the preceding sentence and comply with the Depositary's procedures for conversion. The date on which the Holder satisfies all of those requirements is the "Conversion Date."

Subject to the next succeeding sentence, the Company will, as soon as practicable following the Conversion Settlement Date, (i) pay the cash component (including cash in lieu of any fraction of a share to which such Holder would otherwise be entitled), if any, of the Conversion Settlement Distribution determined pursuant to Section 11.03 to the Holder of a Security surrendered for conversion, or such Holder's nominee or nominees, and (ii) issue, or cause to be issued, and deliver to the Conversion Agent or to such Holder, or such Holder's nominee or nominees, certificates for the number of full shares of Common Stock, if any, to which such Holder shall be entitled as part of such Conversion Settlement Distribution. If a conversion is a Principal Value Conversion pursuant to 11.01(c), the Company shall deliver to the Conversion Agent or to the Holder, no later than the fifth Business Day following the date on which the Applicable Stock Price is determined, a certificate for the number of whole shares of Common Stock issuable upon the conversion and, if applicable, cash in lieu of such Common Stock and cash in lieu of any fractional shares pursuant to Section 11.04.

The Person in whose name the Common Stock certificate is registered shall be deemed to be a shareholder of record at the close of business on the applicable Conversion Settlement Date; provided however, that if any such date is a date when the stock transfer books of the Company are closed, such Person shall be deemed a shareholder of record as of the next date on which the stock transfer books of the Company are open.

No payment or adjustment shall be made for dividends on, or other distributions with respect to, any Common Stock except as provided in this Article 11. On conversion of a Security, any accrued and unpaid interest (including Contingent Interest, if any, Accreted Interest for all Interest Periods concluding prior to the Conversion Date, if any, and Accreted Interest for the Interest Period in which the Conversion Date occurs, if any) with respect to such Security that is attributable to the period from the Issue Date to the Conversion Date shall not be cancelled, extinguished or forfeited but rather shall be deemed paid in full to the Holder of such Security through the delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, in exchange for the Security being converted pursuant to the provisions hereof, and the fair market value of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, shall be treated as issued, to the extent thereof, first in exchange for any accrued and unpaid interest (including Contingent Interest, if any, Accreted Interest for all Interest Periods concluding prior to the Conversion Date, if any, and Accreted Interest for the Interest Period in which the Conversion Date occurs, if any) attributable to the period from the Issue Date to the Conversion Date, and the balance, if any, of such fair market value shall be treated as issued in exchange for the Original Principal Amount of the Security being converted pursuant to the provisions hereof. Notwithstanding the preceding sentence, on conversion of a Security during the period from the close of business on any Regular Record Date immediately preceding any Interest Payment Date to the close of business on the Business Day immediately preceding such Interest Payment Date, the Holder on such Regular Record Date shall receive the interest payable on such Interest Payment Date.

The Company agrees, and by acceptance of a beneficial interest in a Security each Holder and any beneficial owner of a Security shall be deemed to agree, to be bound (in the absence of an administrative determination or judicial ruling to the contrary) by the Company's determination of the projected payment schedule within the meaning of the contingent debt regulations, and accordingly shall treat, for United States federal income tax purposes, the fair market value of the Common Stock received upon the conversion of a Security (together with any cash payment in lieu of fractional shares) or cash in lieu thereof, or a combination of cash and Common Stock as a contingent payment on the Security for purposes of Treasury Regulation Section 1.1275-4 or any successor provision.

If a Holder converts more than one Security at the same time, the number of shares of Common Stock issuable upon the conversion shall be based on the aggregate Original Principal Amount of Securities converted.

Upon surrender of a Security that is converted in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder, a new Security equal in Original Principal Amount to the Original Principal Amount of the unconverted portion of the Security surrendered.

Securities or portions thereof surrendered for conversion during the period from the close of business on any Regular Record Date immediately preceding any Interest Payment Date to the close of business on the Business Day immediately preceding such Interest Payment Date shall be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date with respect to the Original Principal Amount of Securities or portions thereof being surrendered for conversion; provided that no such payment need be made if (1) the Company has specified a Redemption Date that occurs during the period from the close of business on a Regular Record Date to the close of business on the Interest Payment Date to which such Regular Record Date relates, (2) the Company has specified a Fundamental Change Purchase Date during such period or (3) only to the extent of overdue interest or overdue Contingent Interest, any overdue interest or overdue Contingent Interest exists on the Conversion Date with respect to the Securities converted.

Section 11.03. Payment of Cash in Lieu of Common Stock.

(a) If a Holder elects to convert all or any portion of a Security into shares of Common Stock as set forth in Section 11.01 and the Company receives such Holder's Notice of Conversion on or prior to the day that is 20 days prior to the Stated Maturity, or with respect to Securities called for redemption pursuant to Section 10.01, the applicable Redemption Date (the "Final Notice Date"), the Company may choose to satisfy all or any portion of the Conversion Obligation in cash. Upon such election, the Company will notify such Holder through the Trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the Conversion Obligation or as a fixed dollar amount) at any time on or before the date that is two Business Days following the Company's receipt of the Notice of Conversion (such period, the "Cash Settlement Notice Period"). If the Company elects to pay cash for any portion of the shares otherwise issuable to the Holder, the Holder may retract the Notice of Conversion at any time during the two Business Day period beginning on the day after the final day of the Cash Settlement Notice Period (the "Conversion Retraction Period"); no such retraction can be made (and a Notice of Conversion shall be irrevocable) if the Company does not elect to deliver cash in lieu of shares of Common Stock (other than cash in lieu of fractional shares). With respect to any Notice of Conversion received by the Company prior to the Final Notice Date, the "Conversion Settlement Distribution" for any Security

subject to such Notice of Conversion shall consist of cash, Common Stock or a combination thereof, as selected by the Company as set forth below:

(i) if the Company elects to satisfy the entire Conversion Obligation in shares of Common Stock, the Conversion Settlement Distribution shall be a number of shares equal to (1) the aggregate Original Principal Amount of the Securities to be converted divided by 1,000, multiplied by (2) the Conversion Rate, plus cash for any fractional shares pursuant to Section 11.04;

(ii) if the Company elects to satisfy the entire Conversion Obligation in cash, the Conversion Settlement Distribution shall be cash in an amount equal to the product of:

(A) a number equal to the product of (x) the aggregate Original Principal Amount of Securities to be converted divided by 1,000 multiplied by (y) the Conversion Rate, and

(B) the average of the Last Reported Sale Prices of the Common Stock for the 10 Trading Days beginning on the Trading Day immediately following the final day of the Conversion Retraction Period (the "Cash Settlement Averaging Period"); and

(iii) if the Company elects to satisfy a fixed portion (other than 100%) of the Conversion Obligation in cash, the Conversion Settlement Distribution shall consist of such cash amount ("Cash Amount") and a number of shares equal to the greater of (1) zero and (2) the excess, if any, of the number of shares calculated as set forth in clause (i) above over the number of shares equal to the sum, for each day of the Cash Settlement Averaging Period, of (x) 10% of the Cash Amount, divided by (y) the Last Reported Sale Price of the Common Stock on such day, plus cash for any fractional shares pursuant to Section 11.04.

(b) At any time on or before any Final Notice Date, the Company will notify the Trustee whether it intends to satisfy all or any portion of the Conversion Obligation with respect to conversions of Securities for which the Company receives a Notice of Conversion after such Final Notice Date and the dollar amount to be satisfied in cash (which must be expressed either as 100% or as a fixed dollar amount). In such case, the applicable Conversion Settlement Distribution will be computed in the same manner as set forth in clause (a) above except that the Cash Settlement Averaging Period shall be the 10 Trading Days beginning on the first Trading Day following the Company's receipt of the Notice of Conversion or in the event that the Company receives a Notice of



Conversion on the Business Day prior to the Stated Maturity, the 10 Trading Days beginning on the first Trading Day after the Stated Maturity.

Section 11.04. Fractional Shares. The Company shall not issue a fractional share of Common Stock upon conversion of a Security. Instead, the Company will deliver cash for the current market value of the fractional share. The current market value of a fractional share of Common Stock shall be determined, to the nearest 1/1,000th of a share, by multiplying the Last Reported Sale Price of a full share of Common Stock on the Trading Day immediately preceding the Conversion Settlement Date by the fractional amount and rounding the product to the nearest whole cent.

Section 11.05. Taxes on Conversion. If a Holder converts a Security, the Company shall pay any documentary, stamp or similar issue or transfer taxes due on the issue of shares of Common Stock upon such conversion. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificate representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulation.

Section 11.06. Reservation of Shares, Shares to Be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock.

(a) The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares of Common Stock to provide for the conversion of the Securities from time to time as such Securities are presented for conversion.

(b) Before taking any action which would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Securities, the Company will take all corporate action, if any, which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue shares of such Common Stock at such adjusted Conversion Rate.

(c) (i) The Company covenants that all shares of Common Stock which may be issued upon conversion of Securities will upon issue be fully paid and nonassessable by the Company and, subject to the provisions of Section 11.05, free from all taxes, liens and charges with respect to the issue thereof.

(ii) The Company covenants that, if any shares of Common Stock to be provided for the purpose of conversion of Securities hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, the Company will in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the Securities and Exchange Commission (or any successor thereto), endeavor to secure such registration or approval, as the case may be.

(d) The Company further covenants that, if at any time the Common Stock shall be listed on the NYSE or any other national securities exchange or automated quotation system, the Company will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Security; provided, however, that, if the rules of such exchange or automated quotation system permit the Company to defer the listing of such Common Stock until the first conversion of the Securities into Common Stock in accordance with the provisions of this Indenture, the Company covenants to list such Common Stock issuable upon conversion of the Securities in accordance with the requirements of such exchange or automated quotation system at such time.

Section 11.07. Adjustment of Conversion Rate. The Conversion Rate shall be adjusted from time to time by the Company as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution by a fraction,

(i) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for the determination of stockholders entitled to receive such dividend or other distribution plus the total number of shares of Common Stock constituting such dividend or other distribution; and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination,

such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. If any dividend or

distribution of the type described in this Section 11.07(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period expiring within sixty (60) days after the date fixed for determination of stockholders entitled to receive such rights or warrants) to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price as of the date immediately preceding the record date fixed for determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the date fixed for determination of stockholders entitled to receive such rights or warrants by a fraction,

(i) the numerator of which shall be the number of shares of Common Stock outstanding on the record date fixed for determination of stockholders entitled to receive such rights or warrants plus the total number of additional shares of Common Stock offered for subscription or purchase, and

(ii) the denominator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the record date fixed for determination of stockholders entitled to receive such rights or warrants plus the number of shares that the aggregate offering price of the total number of shares so offered would purchase at a price equal to the Current Market Price as of the date immediately preceding the record date fixed for determination of stockholders entitled to receive such rights or warrants.

Such adjustment shall be successively made whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of

Common Stock at a price less than the Current Market Price as of the date immediately preceding the record date fixed for determination of stockholders entitled to receive such rights or warrants, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock assets, debt securities, shares of any class of capital stock of the Company or rights or warrants to purchase any securities of the Company excluding (x) any dividend or distribution or issuance referred to in Section 11.07(a), (b) or (g) and (y) any dividend or distribution paid exclusively in cash (any of the foregoing hereinafter in this Section 11.07(d) called the "Distributed Assets or Securities")), then, in each such case, the Conversion Rate shall be increased so that the same shall be equal to the rate determined by multiplying the Conversion Rate in effect on the Record Date with respect to such distribution by a fraction,

(i) the numerator of which shall be the Current Market Price on such Record Date; and

(ii) the denominator of which shall be the Current Market Price on such Record Date less the Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive, and described in a resolution of the Board of Directors) on the Record Date of the portion of the Distributed Assets or Securities so distributed applicable to one share of Common Stock,

such adjustment to become effective immediately prior to the opening of business on the day following such Record Date; provided that if the difference between the Current Market Price on the Record Date and the then Fair Market Value (as so determined) of the portion of the Distributed Securities so

distributed applicable to one share of Common Stock is less than \$1.00, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion the amount of Distributed Assets or Securities such holder would have received had such holder converted each Security on the Record Date. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. If the Board of Directors determines the Fair Market Value of any distribution for purposes of this Section 11.07(d) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price on the applicable Record Date.

Rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Trigger Event"): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 11.07 (and no adjustment to the Conversion Rate under this Section 11.07 will be required) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 11.07(d). If any such right or warrant, including any such existing rights or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and record date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 11.07 was made, (1) in the case of any such rights or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such

redemption or repurchase, and (2) in the case of such rights or warrants that shall have expired or been terminated without exercise thereof, the Conversion Rate shall be readjusted as if such expired or terminated rights and warrants had not been issued.

For purposes of this Section 11.07(d) and Section 11.07(a) and (b), any dividend or distribution to which this Section 11.07(d) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock described in Section 11.07(b) (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of assets, debt securities or shares of capital stock other than such shares of Common Stock or rights or warrants (and any Conversion Rate adjustment required by this Section 11.07(d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Conversion Rate adjustment required by Sections 11.07(a) and 11.07(b) with respect to such dividend or distribution shall then be made), except (A) the Record Date of such dividend or distribution shall be substituted as "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "the date fixed for the determination of stockholders entitled to receive such rights or warrants" and "the date fixed for such determination" within the meaning of Section 11.07(a) and 11.07(b) and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of Section 11.07(a).

(e) In case the Company shall, by dividend or otherwise, make distributions consisting exclusively of cash to all holders of its Common Stock, excluding any quarterly cash dividend on the Common Stock to the extent that the aggregate cash dividend per share of Common Stock in any quarter does not exceed \$0.12 (the "Dividend Threshold Amount") then, in such case, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such record date by a fraction,

(i) the numerator of which shall be the Current Market Price on such record date; and

(ii) the denominator of which shall be the Current Market Price on such record date less the amount of cash so distributed applicable to one share of Common Stock,

such adjustment to be effective immediately prior to the opening of business on the day following the record date; provided that if the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than

the Current Market Price on the record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion the amount of cash such holder would have received had such holder converted each Security on the Record Date. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. If any adjustment is required to be made as set forth in this Section 11.07(e) as a result of a distribution that is a quarterly dividend, such adjustment shall be based upon the amount by which such distribution exceeds the Dividend Threshold Amount. If an adjustment is required to be made as set forth in this Section 11.07(e) above as a result of a distribution that is not a quarterly dividend, such adjustment shall be based upon the full amount of the distribution.

(f) In case a tender or exchange offer made by the Company or any Subsidiary for all or any portion of the Common Stock shall expire and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to stockholders of consideration per share of Common Stock having a Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) that as of the last time (the "Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) exceeds the Last Reported Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the Expiration Time by a fraction,

(i) the numerator of which shall be the sum of (x) the Fair Market Value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Last Reported Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Last Reported Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time,

such adjustment to become effective immediately prior to the opening of business on the day following the Expiration Time. If the Company is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(g) If the Company pays a dividend or makes a distribution to all holders of its Common Stock consisting of capital stock of any class or series, or similar equity interests, of or relating to a Subsidiary or other business unit of the Company, the Conversion Rate shall be increased so that the same shall be equal to the rate determined by multiplying the Conversion Rate in effect on the Record Date with respect to such distribution by a fraction,

(i) the numerator of which shall be the sum of (A) the average of the Last Reported Sale Prices of the Common Stock for the ten (10) Trading Days commencing on and including the fifth Trading Day after the date on which "ex-dividend trading" commences for such dividend or distribution on The New York Stock Exchange or such other national or regional exchange or market which such securities are then listed or quoted (the "Ex-Dividend Date") plus (B) the fair market value of the securities distributed in respect of each share of Common Stock for which this Section 11.07(g) applies and shall equal the number of securities distributed in respect of each share of Common Stock multiplied by the average of the closing sale prices of those securities distributed for the ten (10) Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date; and

(ii) the denominator of which shall be the average of the Last Reported Sale Prices of the Common Stock for the ten (10) Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date,

such adjustment to become effective immediately prior to the opening of business on the day following fifteenth Trading Day after the Ex-Dividend Date; provided that if (x) the average of the Last Reported Sale Prices of the Common Stock for the ten (10) Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date minus (y) the fair market value of the securities distributed in respect of each share of Common Stock for which this Section 11.07(g) applies (as calculated in Section 11.07(g)(i)(B) above) is less than \$1.00, then the adjustment provided by for by this Section 11.07(g) shall not be made and in lieu thereof the provisions of Section 11.10 shall apply to such distribution.



(h) Notwithstanding anything to the contrary, in the event of an adjustment to the Conversion Rate pursuant to Section 11.07 (e) or (f), in no event with the Conversion Rate exceed 20.1207 (the "Maximum Conversion Rate"). The Maximum Conversion Rate is subject to the same proportional adjustments made to the Conversion Rate pursuant to Section 11.07(a), (b), (c), (d) or (g).

(i) If any adjustment or readjustment is made to the Conversion Rate pursuant to this Section 11.07 (other than pursuant to Section 11.07 (e)), the same proportional adjustment shall be made to the Dividend Threshold Amount; provided that the Dividend Threshold Amount shall be decreased whenever the Conversion Rate is increased and increased whenever the Conversion Rate is decreased.

(j) For purposes of this Section 11.07, the following terms shall have the meaning indicated:

(i) "Current Market Price" shall mean the average of the daily Last Reported Sale Prices per share of Common Stock for the twenty consecutive Trading Days ending on the earlier of such date of determination and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation immediately prior to the date in question. For purpose of this paragraph, the term "ex" date, (1) when used with respect to any issuance or distribution, means the first date on which the Common Stock trades, regular way, on the relevant exchange or in the relevant market from which the Last Reported Sale Price was obtained without the right to receive such issuance or distribution, and (2) when used with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades, regular way, on such exchange or in such market after the time at which such subdivision or combination becomes effective.

If another issuance, distribution, subdivision or combination to which Section 11.07 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the definition in the preceding paragraph, "Current Market Price" shall be calculated for such period in a manner determined by the Board of Directors to reflect the impact of such issuance, distribution, subdivision or combination on the Last Reported Sale Price of the Common Stock during such period.

(ii) "Fair Market Value" shall mean the amount which a willing buyer would pay a willing seller in an arm's-length transaction.

(iii) "Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(k) The Company may make such increases in the Conversion Rate in addition to those required by Section 11.07(a), (b), (c), (d), (e), (f) or (g) as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least twenty (20) Business Days, the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to Holders a notice of the increase at least fifteen (15) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(l) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in such rate; provided that any adjustments that by reason of this Section 11.07(l) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article 11 shall be made by the Company and shall be made to the nearest cent or to the nearest one-ten thousandth (1/10,000) of a share, as the case may be. To the extent the Securities become convertible into cash, assets or property, subject to Section 11.10, no adjustment need be made thereafter as to the cash, assets or property. Interest will not accrue on any cash into which the Securities are convertible.

(m) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly file with the Trustee and any Conversion Agent other than the Trustee an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of the Trustee or Conversion Agent shall have received such Officers' Certificate, the Trustee or Conversion Agent, as the case may be, shall not be deemed to have knowledge of any

adjustment of the Conversion Rate and may assume that the last Conversion Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to the Holder of each Security at his last address appearing on the Security Register within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(n) In any case in which this Section 11.07 provides that an adjustment shall become effective immediately after (1) a record date or Record Date for an event, (2) the date fixed for the determination of stockholders entitled to receive a dividend or distribution pursuant to Section 11.07(a), (3) a date fixed for the determination of stockholders entitled to receive rights or warrants pursuant to Section 11.07(b), or (4) the Expiration Time for any tender or exchange offer pursuant to Section 11.07(f) (each a "Determination Date"), the Company may elect to defer until the occurrence of the applicable Adjustment Event (as hereinafter defined) (x) issuing to the holder of any Security converted after such Determination Date and before the occurrence of such Adjustment Event, the additional shares of Common Stock or other securities issuable upon such conversion, or cash in lieu thereof, by reason of the adjustment required by such Adjustment Event over and above the Common Stock issuable upon such conversion, or cash in lieu thereof, before giving effect to such adjustment and (y) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 11.04. For purposes of this Section 11.07(n), the term "Adjustment Event" shall mean:

(i) in any case referred to in clause (1) hereof, the occurrence of such event,

(ii) in any case referred to in clause (2) hereof, the date any such dividend or distribution is paid or made,

(iii) in any case referred to in clause (3) hereof, the date of expiration of such rights or warrants, and

(iv) in any case referred to in clause (4) hereof, the date a sale or exchange of Common Stock pursuant to such tender or exchange offer is consummated and becomes irrevocable.

(o) For purposes of this Section 11.07, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company, unless such treasury shares participate in any distribution or dividend that requires an adjustment pursuant to this Section

11.07, but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock.

Section 11.08. When No Adjustment Required. When No Adjustment Required. No adjustment to the Conversion Rate need be made:

(a) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Company and the investment of additional optional amounts in shares of Common Stock under any plan;

(b) upon the issuance of any shares of Common Stock or options or rights to purchase or acquire those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of its Subsidiaries;

(c) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security not described in paragraph (b) above and outstanding as of the date of this Indenture;

(d) for a change in the par value or no par value of the Common Stock; or

(e) for accrued and unpaid interest (including Contingent Interest or Additional Interest, if any).

Section 11.09. Notice of Certain Transactions. In the event that:

(i) the Company takes any action which would require an adjustment in the Conversion Rate;

(ii) the Company takes any action that requires a supplemental indenture pursuant to Section 11.10; or

(iii) there is a dissolution or liquidation of the Company;

the Company shall mail to Holders and file with the Trustee a notice stating the proposed record or effective date, as the case may be. The Company shall mail the notice at least fifteen days before such date. Failure to mail such notice or any defect therein shall not affect the validity of any transaction referred to in clause (i), (ii) or (iii) of this Section 11.09.

Section 11.10. Effect of Reclassification, Consolidation, Merger or Sale on Conversion Privilege. If any of the following events occur, namely (i) any reclassification or change of the outstanding shares of Common Stock (other than a subdivision or combination to which Section 11.07(c) applies), (ii) any

consolidation, merger, binding share exchange or combination of the Company with another Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or transfer of all or substantially all of the properties and assets of the Company to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing that each Security shall be convertible into the kind and amount of shares of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, binding share exchange, combination, sale or transfer by a holder of a number of shares of Common Stock issuable upon conversion of such Securities (assuming, for such purposes, a sufficient number of authorized shares of Common Stock are available to convert all such Securities) immediately prior to such reclassification, change, consolidation, merger, combination, binding share exchange, sale or transfer assuming such holder of Common Stock did not exercise his rights of election, if any, as to the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, binding share exchange, combination, sale or transfer (provided that, if the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or transfer is not the same for each share of Common Stock in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purposes of this Section 11.10 the kind and amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or transfer for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 11.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each Holder of Securities, at its address appearing on the Security register, within twenty (20) days after execution thereof and shall issue a press release containing such information and publish such information on its website on the World Wide Web. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section 11.10 shall similarly apply to successive reclassifications, changes, consolidations, mergers, binding share exchanges, combinations, sales and transfers.

If this Section 11.10 applies to any event or occurrence, Section 11.07 shall not apply.

Section 11.11. Trustee's Disclaimer. The Trustee shall have no duty to determine when an adjustment under this Article 11 should be made, how it should be made or what such adjustment should be, but may accept as conclusive evidence of that fact or the correctness of any such adjustment, and shall be protected in relying upon, an Officers' Certificate including the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 11.07(m). The Trustee makes no representation as to the validity or value of any securities or assets issued upon conversion of Securities, and the Trustee shall not be responsible for the Company's failure to comply with any provisions of this Article 11.

The Trustee shall not be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture executed pursuant to Section 11.10, but may accept as conclusive evidence of the correctness thereof, and shall be fully protected in relying upon, the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 11.07(m).

Section 11.12. Rights Issued in Respect of Common Stock Issued Upon Conversion. Each share of Common Stock issued upon conversion of Securities pursuant to this Article 11 shall be entitled to receive the appropriate number of common stock or preferred stock purchase rights, as the case may be (the "Rights"), if any, that shares of Common Stock are entitled to receive and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any shareholder rights agreement adopted by the Company, as the same may be amended from time to time (in each case, a "Rights Agreement"). Provided that such Rights Agreement requires that each share of Common Stock issued upon conversion of Securities at any time prior to the distribution of separate certificates representing the Rights be entitled to receive such Rights, then, notwithstanding anything else to the contrary in this Article 11, there shall not be any adjustment to the conversion privilege or Conversion Rate as a result of the issuance of Rights, but an adjustment to the Conversion Rate shall be made pursuant to Section 11.07(d) upon the separation of the Rights from the Common Stock.

Section 11.13. Company Determination Final. Any determination that the Company or the Board of Directors must make pursuant to Sections 11.02, 11.04, 11.07 or 11.10 shall be conclusive.

ARTICLE 12  
Purchase At Option of Holders

Section 12.01. Right to Require Purchase.

(a) Each Holder has the right to require the Company to purchase all or a portion of the Securities held by such Holder on August 15, 2008, 2013, 2018, 2023, and 2028, or if any such day is not a Business Day, on the immediately succeeding Business Day (each, a "Purchase Date").

(b) On or before the 20<sup>th</sup>/ Business Day prior to each Purchase Date, the Company shall mail a written notice to the Trustee and any Paying Agent and to each Holder at its address shown in the Security Register.

The notice shall include the form of Purchase Notice to be completed by the Holder and shall state:

- (i) the Purchase Price;
- (ii) the name and address of the Paying Agent and the Conversion Agent;
- (iii) the Conversion Rate and any adjustments to the Conversion Rate;
- (iv) that the Securities with respect to which a Purchase Notice has been given by the Holder may be converted only if the Holder withdraws the Purchase Notice in accordance with the terms of the Indenture; and
- (v) the procedures set forth in Section 12.02 that each Holder must follow to exercise its right to require the Company to purchase such Holder's Securities.

In connection with providing such notice, the Company shall issue a press release containing the information included in the notice and publish such information on its website on the World Wide Web.

Section 12.02. Purchase Procedures. The Company shall purchase such Securities for cash at a Purchase Price equal to 100% of the Accreted Principal Amount thereof, plus accrued and unpaid interest (including Contingent Interest

and Additional Interest, if any) to, but excluding, the Purchase Date (the "Purchase Price") (provided that if the Purchase Date is an Interest Payment Date, any accrued and unpaid interest, Contingent Interest or Additional Interest, shall be paid to the Holder of record as of the applicable Regular Record Date, rather than to the Holder presenting the Security for purchase), at the option of the Holder thereof, upon:

(a) delivery to the Paying Agent by the Holder of a written notice of purchase (a "Purchase Notice") at any time from the opening of business on the date that is 20 Business Days prior to a Purchase Date until the close of business on the Business Day immediately preceding such Purchase Date stating:

(i) if a certificated Security has been issued, the certificate number of the Security which the Holder will deliver to be purchased or if not, such information as may be required under applicable procedures of the Depository,

(ii) the portion of the Original Principal Amount of the Security which the Holder will deliver to be purchased, which portion must be \$1,000 or an integral multiple thereof, and

(iii) that such Security shall be purchased as of the applicable Purchase Date pursuant to the provisions of the Securities and this Article 12; and

(b) delivery of such Security to the Paying Agent prior to, on or after the Purchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery being a condition to receipt by the Holder of the Purchase Price therefor; provided, however, that such Purchase Price shall be so paid pursuant to this Article 12 only if the Security so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Purchase Notice.

The Company shall purchase from the Holder thereof, pursuant to this Article 12, a portion of a Security if the Original Principal Amount of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the purchase of all of a Security also apply to the purchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Article 12 shall be consummated by the payment of the Purchase Price to be received by the Holder in cash promptly following the later of the Purchase Date and the time of delivery of the Security as set forth in Section 12.04.



Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Purchase Notice contemplated by this Section 12.02 shall have the right to withdraw such Purchase Notice at any time prior to the close of business on the Business Day immediately preceding the Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 12.03.

The Paying Agent shall promptly notify the Company of the receipt by it of any Purchase Notice or written notice of withdrawal thereof.

The Company may, at its option, specify additional dates on which Holders will have the right to require it to purchase Securities upon written notice to the Paying Agent, the Trustee and the Holders. Such notice shall specify the additional dates upon which the Company shall be required to purchase the Securities at the option of the Holders and shall be delivered to the Paying Agent, the Trustee and the Holders no less than 25 Business Days prior to the earliest purchase date specified in such notice.

Section 12.03. Effect of Purchase Notice. Upon receipt by the Paying Agent of the Purchase Notice specified in Section 12.02(a), the Holder of the Security in respect of which such Purchase Notice was given shall (unless such Purchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Purchase Price with respect to such Security. Such Purchase Price shall be paid to such Holder, subject to receipt of funds by the Paying Agent, promptly following the later of (x) the Purchase Date with respect to such Security (provided the conditions in Section 12.02 have been satisfied) and (y) the time of delivery of such Security to the Paying Agent by the Holder thereof in the manner required by Section 12.02. Securities in respect of which a Purchase Notice has been given by the Holder thereof may not be converted pursuant to Article 11 hereof on or after the date of the delivery of such Purchase Notice unless such Purchase Notice has first been validly withdrawn as specified in the following two paragraphs.

A Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent at any time prior to the close of business on the applicable Purchase Date specifying:

(i) if certificated Securities have been issued, the certificate number of the Security in respect of which such notice of withdrawal is being submitted, or if not, such information as may be required under appropriate procedures of the Depositary;

(ii) the Original Principal Amount of the Security with respect to which such notice of withdrawal is being submitted; and

(iii) the Original Principal Amount, if any, of such Security that remain subject to the original Purchase Notice and have been or will be delivered for purchase by the Company.

The Paying Agent will promptly return to the respective Holders thereof any Securities with respect to which a Purchase Notice has been withdrawn in compliance with this Indenture, in which case, upon such return, the Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 12.04. Deposit of Purchase Price. Prior to 10:00 a.m. (New York City time) on the Purchase Date, the Company shall deposit with the Trustee or with the Paying Agent an amount of cash (in immediately available funds if deposited on such Purchase Date) sufficient to pay the aggregate Purchase Price of all of the Securities or portions thereof which are to be purchased as of the Purchase Date. The manner in which the deposit required by this Section 12.04 is made by the Company shall be at the option of the Company, provided, however, that such deposit shall be made in a manner such that the Trustee or a Paying Agent shall have immediately available funds on the date of deposit.

If a Paying Agent holds, in accordance with the terms hereof, cash sufficient to pay the Purchase Price of any Security for which a Purchase Notice has been tendered and not withdrawn in accordance with this Indenture on the Business Day following the Purchase Date then, immediately after such Purchase Date, such Security will cease to be outstanding, interest (including Accreted Interest, Contingent Interest and Additional Interest, if any) will cease to accrue and the rights of the Holder in respect thereof shall terminate (other than the right to receive the Purchase Price as aforesaid).

Section 12.05. Securities Purchased in Part. Any Security which is to be purchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company, the Paying Agent or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Paying Agent or the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge except for any taxes to be paid by the Holder in the event a Security is registered under a new name, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Original Principal Amount equal to, and in exchange for, the portion of the Original Principal Amount of the Security so surrendered that is not purchased.

Section 12.06. Repayment to the Company. The Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed for two

years, subject to applicable unclaimed property law, together with interest, if any, thereon held by them for the payment of the Purchase Price, provided, however, that to the extent that the aggregate amount of cash deposited by the Company pursuant to Section 12.04 exceeds the aggregate Purchase Price of the Securities or portions thereof which the Company is obligated to purchase as of the Purchase Date, then promptly after the Business Day following the Purchase Date, the Trustee or the Paying Agent, as applicable, shall return any such excess to the Company. Thereafter, any Holder entitled to payment must look to the Company for payment as a general creditor, unless an applicable abandoned property law designates another Person.

#### ARTICLE 13

#### Purchase at Option of Holder Upon a Fundamental Change

##### Section 13.01. Right to Require Purchase.

(a) If at any time prior to Stated Maturity that Securities remain outstanding there shall occur a Fundamental Change, Securities shall be purchased by the Company in integral multiples of \$1,000 Original Principal Amount at the option of the Holders thereof as of the date specified by the Company that is not less than 20 Business Days nor more than 35 Business Days after the date of the Company's notice, pursuant to clause (b) below, of the occurrence of the Fundamental Change (the "Fundamental Change Purchase Date") subject to satisfaction by or on behalf of any Holder of the requirements set forth in subsection (c) of this Section 13.01. The purchase price of such Securities (the "Fundamental Change Purchase Price") shall be equal to 100% of the Accreted Principal Amount of the Securities to be purchased plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) to, but excluding, the Fundamental Change Purchase Date, unless such Fundamental Change Purchase Date falls after a Regular Record Date and on or prior to the corresponding Interest Payment Date, in which case the Company shall pay the full amount of accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) payable on such Interest Payment Date to the holder of record at the close of business on such Regular Record Date.

A "Fundamental Change" shall be deemed to have occurred at such time after the original issuance of the Securities as any of the following occurs:

(i) the Common Stock or other common stock into which the Securities are convertible is neither listed for trading on a United States national securities exchange nor approved for trading on the Nasdaq National Market or another established automated over the counter trading market in the United States;

(ii) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Company, any Subsidiary of the Company or any employee benefit plan of the Company or any such Subsidiary, files a Schedule TO (or any other schedule, form or report under the Exchange Act) disclosing that such person or group has become the direct or indirect ultimate beneficial owner (as defined in Rule 13d-3 of the Exchange Act) of Voting Stock of the Company representing more than 50% of the voting power of the Company's Voting Stock;

(iii) consummation of any share exchange, consolidation or merger of the Company pursuant to which the Common Stock will be converted into cash, securities or other property or any sale, lease or other transfer (in one transaction or a series of transactions) of all or substantially all of the consolidated assets of the Company and its Subsidiaries, taken as a whole, to any Person (other than the Company or one or more of the Company's Subsidiaries); provided, however, that a transaction where the holders of the Company's Voting Stock immediately prior to such transaction own, directly or indirectly, more than 50% of the aggregate voting power of all classes of Voting Stock of the continuing or surviving corporation or transferee or lessee immediately after such event shall not be a Fundamental Change; or

(iv) Continuing Directors cease to constitute at least a majority of the Board of Directors;

provided, however, that a Fundamental Change shall not be deemed to have occurred in respect of any of the foregoing if either (x) the Last Reported Sale Price per share of Common Stock for any five Trading Days within the period of 10 consecutive Trading Days ending immediately before the later of the Fundamental Change or the public announcement thereof shall equal or exceed 105% of the Conversion Price of the Notes in effect immediately before the Fundamental Change or the public announcement thereof; or (y) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a national securities exchange or reported by the NASDAQ National Market (or which shall be so traded or reported when issued or exchanged in connection with such Fundamental Change) (such securities being referred to as "Publicly Traded Securities") and as a result of such transaction or transactions the Securities become convertible into such Publicly Traded Securities (excluding cash payments for fractional shares). For purposes of the foregoing proviso the term "capital stock" of any Person means any and all shares, interests, participations or other equivalents however designated of corporate stock or other equity participations, including partnership interests, whether general or limited, of such Person and any rights (other than debt

securities convertible or exchangeable into an equity interest), warrants or options to acquire an equity interest in such Person.

A "Continuing Director" shall mean a director who either was a member of the Board of Directors on August 13, 2003 or who becomes a member of the Board of Directors subsequent to that date and whose appointment, election or nomination for election by the Company's stockholders is duly approved by a majority of the Continuing Directors on the Board of Directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Company on behalf of the Board of Directors in which such individual is named as nominee for director.

(b) On or before the 30<sup>th</sup>/ day after the occurrence of a Fundamental Change, the Company shall mail a written notice of the Fundamental Change to the Trustee and any Paying Agent and to each Holder.

The notice shall include the form of a Fundamental Change Purchase Notice to be completed by the Holder and shall state:

(i) the events causing such Fundamental Change and the date of such Fundamental Change;

(ii) the date by which the Fundamental Change Purchase Notice pursuant to Section 13.01(c) must be given;

(iii) the Fundamental Change Purchase Date;

(iv) the Fundamental Change Purchase Price that will be payable with respect to the Securities as of the Fundamental Change Purchase Date;

(v) briefly, the conversion rights of the Securities;

(vi) the name and address of each Paying Agent and Conversion Agent;

(vii) the Conversion Rate and any adjustments thereto;

(viii) that Securities as to which a Fundamental Change Purchase Notice has been given may be converted into Common Stock pursuant to Article 11 only to the extent that the Fundamental Change Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(ix) the procedures that the Holder must follow to exercise rights under this Section 13.01;

(x) the procedures for withdrawing a Fundamental Change Purchase Notice, including a form of notice of withdrawal; and

(xi) that the Holder must satisfy the requirements set forth in the Securities in order to convert the Securities.

If any of the Securities is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depositary applicable to the purchase of Global Securities. In connection with providing such notice, the Company shall issue a press release containing the information included in the notice and publish such information on its website on the World Wide Web.

(c) A Holder may exercise its rights specified in subsection (a) of this Section 13.01 upon delivery of a written notice (which shall be in substantially the form included as an attachment to the Securities and which may be delivered by letter, overnight courier, hand delivery, facsimile transmission or in any other written form and, in the case of Global Securities, may be delivered electronically or by other means in accordance with the Depositary's customary procedures) of the exercise of such rights (a "Fundamental Change Purchase Notice") to any Paying Agent at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Purchase Date.

The delivery of such Security to any Paying Agent (together with all necessary endorsements) at the office of such Paying Agent shall be a condition to the receipt by the Holder of the Fundamental Change Purchase Price.

The Company shall purchase from the Holder thereof, pursuant to this Section 13.01, a portion of a Security if the Original Principal Amount of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the purchase of all of a Security pursuant to this Section 13.01 through Section 13.05 also apply to the purchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Section 13.01 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Fundamental Change Purchase Date and the time of delivery of the Security to the Paying Agent in accordance with this Section 13.01 as set forth in Section 13.02.

Notwithstanding anything herein to the contrary, any Holder delivering to a Paying Agent the Fundamental Change Purchase Notice contemplated by this subsection (c) shall have the right to withdraw such Fundamental Change Purchase Notice in whole or as to a portion thereof that is an Original Principal Amount of \$1,000 or an integral multiple thereof at any time prior to the close of

business on the Business Day immediately preceding the Fundamental Change Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 13.02.

A Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Purchase Notice or written withdrawal thereof.

Anything herein to the contrary notwithstanding, in the case of Global Securities, any Fundamental Change Purchase Notice may be delivered or withdrawn and such Securities may be surrendered or delivered for purchase in accordance with the applicable procedures of the Depositary as in effect from time to time.

Section 13.02. Effect of Fundamental Change Purchase Notice.

Upon receipt by any Paying Agent of the Fundamental Change Purchase Notice specified in Section 13.01(c), the Holder of the Security in respect of which such Fundamental Change Purchase Notice was given shall (unless such Fundamental Change Purchase Notice is withdrawn as specified below) thereafter be entitled to receive the Fundamental Change Purchase Price with respect to such Security. Such Fundamental Change Purchase Price shall be paid to such Holder promptly following the later of (a) the Fundamental Change Purchase Date with respect to such Security (provided the conditions in Section 13.01(c) have been satisfied) and (b) the time of delivery of such Security to a Paying Agent by the Holder thereof in the manner required by Section 13.01(c). Securities in respect of which a Fundamental Change Purchase Notice has been given by the Holder thereof may not be converted into Common Stock on or after the date of the delivery of such Fundamental Change Purchase Notice unless such Fundamental Change Purchase Notice has first been validly withdrawn as specified in the following paragraph.

A Fundamental Change Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent at any time prior to the close of business on the Business Day immediately preceding the applicable Fundamental Change Purchase Date specifying:

- (i) if certificated Securities have been issued, the certificate numbers for Securities in respect of which such notice of withdrawal is being submitted, or if not, such information as required by the Depositary;
- (ii) the Original Principal Amount, in integral multiples of \$1,000, of the Securities with respect to which such notice of withdrawal is being submitted; and

(iii) the Original Principal Amount, if any, of such Securities that remain subject to the original Fundamental Change Purchase Notice and have been or will be delivered for purchase by the Company.

The Paying Agent will promptly return to the respective Holders thereof any Securities with respect to which a Fundamental Change Purchase Notice has been withdrawn in compliance with this Indenture, in which case, upon such return, the Fundamental Change Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 13.03. Deposit of Fundamental Change Purchase Price. On or before 10:00 a.m. New York City time on the Fundamental Change Purchase Date, the Company shall deposit with the Trustee or with a Paying Agent an amount of cash (in immediately available funds if deposited on the Fundamental Change Purchase Date) sufficient to pay the aggregate Fundamental Change Purchase Price of all the Securities or portions thereof that are to be purchased as of such Fundamental Change Purchase Date. The manner in which the deposit required by this Section 13.03 is made by the Company shall be at the option of the Company, provided, however, that such deposit shall be made in a manner such that the Trustee or a Paying Agent shall have immediately available funds on the date of such deposit.

If a Paying Agent holds, in accordance with the terms hereof, money sufficient to pay the Fundamental Change Purchase Price of any Security for which a Fundamental Change Purchase Notice has been tendered and not withdrawn in accordance with this Indenture on the Fundamental Change Purchase Date then, immediately following the Fundamental Change Purchase Date, such Security will cease to be outstanding, interest (including Accreted Interest, Contingent Interest and Additional Interest, if any) will cease to accrue and the rights of the Holder in respect thereof shall terminate (other than the right to receive the Fundamental Change Purchase Price). The Company shall publicly announce the Original Principal Amount of Securities purchased as a result of such Fundamental Change on or as soon as practicable after the Fundamental Change Purchase Date.

Section 13.04. Securities Purchased in Part. Any Security that is to be purchased only in part shall be surrendered at the office of a Paying Agent and promptly after the Fundamental Change Purchase Date the Company shall execute and the Trustee, or any Authenticating Agent, shall authenticate and deliver to the Holder of such Security, without service charge (other than amounts to be paid in respect of applicable transfer taxes), a new Security or Securities, of such authorized denomination or denominations in integral multiples of \$1,000 Original Principal Amount as may be requested by such Holder, in aggregate Original Principal Amount equal to, and in exchange for,



the portion of the Original Principal Amount of the Security so surrendered that is not purchased.

Section 13.05. Repayment to the Company. The Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed for two years, subject to applicable unclaimed property law, together with interest, if any, thereon held by them for the payment of the Fundamental Change Purchase Price; provided, however, that to the extent that the aggregate amount of cash deposited by the Company pursuant to Section 13.03 exceeds the aggregate Fundamental Change Purchase Price of the Securities or portions thereof which the Company is obligated to purchase as of the Fundamental Change Purchase Date, then on the Business Day following the Fundamental Change Purchase Date, the Trustee or Paying Agent, as applicable, shall return any such excess to the Company. Thereafter, any Holder entitled to payment must look to the Company for payment as general creditors, unless an applicable abandoned property law designates another Person.

#### ARTICLE 14 Contingent Interest

Section 14.01. Contingent Interest. The Company will pay Contingent Interest to Holders during any Interest Period commencing on or after August 15, 2008, if the average Trading Price of the Securities for the five Trading Day measurement period ending on the second Trading Day immediately preceding the first day of the applicable Interest Period (the "Measurement Period") equals 120% or more of the Accreted Principal Amount of the Securities as of the last day of the Measurement Period. The amount of Contingent Interest payable in any Interest Period pursuant to this Section 14.01 shall equal 0.125% of the average Trading Price of the Securities for the applicable Measurement Period.

Section 14.02. Payment of Contingent Interest. The Company shall pay Contingent Interest owed pursuant to Section 14.01 for any Interest Period on the Interest Payment Date immediately succeeding the applicable Interest Period, to Holders of Securities as of the Regular Record Date relating to such Interest Payment Date.

Section 14.03. Notice of Contingent Interest.

(a) As soon as practicable following the first Business Day of an Interest Period for which Contingent Interest will be payable pursuant to Section 14.01, the Company shall issue a press release containing this information and publish the information on its website on the World Wide Web.

(b) On any Interest Payment Date on which Contingent Interest is payable pursuant to this Article 14, the Company shall issue a press release stating the amount of such Contingent Interest and setting forth the manner in which such amount was calculated, and publish such information on its website on the World Wide Web.

ARTICLE 15  
[RESERVED]

ARTICLE 16  
Immunity of Incorporators, Stockholders, Officers, Directors and Employees

Section 16.01. Exemption from Individual Liability. No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, stockholder, officer, director or employee, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations of the Company, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, stockholders, officers, directors or employees, as such, of the Company or of any successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, stockholders, officer, director or employee, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

ARTICLE 17  
Miscellaneous Provisions

Section 17.01. Successors and Assigns of Company Bound by Indenture. All the covenants, stipulations, promises and agreements in this Indenture

contained by or in behalf of the Company shall bind its successors and assigns, whether so expressed or not.

Section 17.02. Acts of Board, Committee or Officer of Successor Company Valid. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at that time be the successor of the Company.

Section 17.03. Required Notices or Demands. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders to or on the Company may be given or served by being mailed postage prepaid in the United States addressed (until another address is filed by the Company with the Trustee), as follows: Lockheed Martin Corporation, 6801 Rockledge Drive, Bethesda, Maryland 20817, Attention: Treasurer (with a copy, which shall not constitute notice, to the Senior Vice President and General Counsel). Any notice, direction, request or demand by the Company or by any Holder to or upon the Trustee may be given or made, for all purposes, by being mailed postage prepaid in the United States addressed to the Corporate Trust Office of the Trustee. Any notice required or permitted to be mailed to a Holder by the Company or the Trustee pursuant to the provisions of this Indenture shall be deemed to be properly mailed by being mailed postage prepaid in the United States addressed to such Holder at the address of such Holder as shown on the Security Register. In any case, where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice of any event to Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 17.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 17.05. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that the person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such person, the person has made such examination or investigation as is necessary to enable the person to express an informed opinion as to whether such covenant or condition has been complied with;

(d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 17.06. GOVERNING LAW. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS INDENTURE AND THE SECURITIES, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

Section 17.07. Indenture May Be Executed in Counterparts. This Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed an original; and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Indenture on behalf of the respective parties hereto as of the date first above written.

LOCKHEED MARTIN CORPORATION

By: /s/ Anthony G. Van Schaick

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Name: Anthony G. Van Schaick  
Title: Vice President and  
Treasurer

THE BANK OF NEW YORK

By: /s/ Giovanni Barris

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Name: Giovanni Barris  
Title: Vice President

EXHIBIT A

FOR PURPOSES OF SECTIONS 1272, 1273 AND 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, THIS SECURITY IS BEING ISSUED WITH TAX ORIGINAL ISSUE DISCOUNT AND THE ISSUE DATE OF THIS SECURITY IS AUGUST 13, 2003. IN ADDITION, THIS SECURITY IS SUBJECT TO THE UNITED STATES FEDERAL INCOME TAX REGULATIONS GOVERNING CONTINGENT PAYMENT DEBT INSTRUMENTS. FOR PURPOSES OF SECTIONS 1272, 1273 AND 1275 OF THE INTERNAL REVENUE CODE, THE COMPARABLE YIELD OF THIS SECURITY IS 6.52%, COMPOUNDED QUARTERLY (WHICH WILL BE TREATED AS THE YIELD TO MATURITY FOR UNITED STATES FEDERAL INCOME TAX PURPOSES).

LOCKHEED MARTIN CORPORATION (THE "COMPANY") AGREES, AND BY ACCEPTING A BENEFICIAL OWNERSHIP INTEREST IN THIS SECURITY EACH HOLDER AND ANY BENEFICIAL OWNER OF THIS SECURITY WILL BE DEEMED TO HAVE AGREED, FOR UNITED STATES FEDERAL INCOME TAX PURPOSES (1) TO TREAT THIS SECURITY AS A DEBT INSTRUMENT THAT IS SUBJECT TO U.S. TREAS. REG. SEC. 1.1275-4 OR ANY SUCCESSOR PROVISION (THE "CONTINGENT DEBT REGULATIONS") AND (2) TO BE BOUND (IN THE ABSENCE OF AN ADMINISTRATIVE DETERMINATION OR JUDICIAL RULING TO THE CONTRARY) BY THE COMPANY'S DETERMINATION OF THE "COMPARABLE YIELD" AND "PROJECTED PAYMENT SCHEDULE" WITHIN THE MEANING OF THE CONTINGENT DEBT REGULATIONS, WITH RESPECT TO THIS SECURITY. THE COMPANY AGREES TO PROVIDE PROMPTLY TO THE HOLDER OF THIS SECURITY, UPON WRITTEN REQUEST, THE ISSUE PRICE, AMOUNT OF TAX ORIGINAL ISSUE DISCOUNT, ISSUE DATE, YIELD TO MATURITY, COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE. ANY SUCH WRITTEN REQUEST SHOULD BE SENT TO THE COMPANY AT THE FOLLOWING ADDRESS: LOCKHEED MARTIN CORPORATION, 6801 ROCKLEDGE DRIVE, BETHESDA, MARYLAND 20817, ATTENTION: TREASURER.

[Insert if Global Security:] [UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED

REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE DEPOSITORY TRUST COMPANY, OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ARTICLE TWO OF THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.]

[Insert if restricted Security:] [THIS SECURITY AND ANY COMMON STOCK ISSUABLE UPON THE CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THIS SECURITY AND ANY COMMON STOCK ISSUABLE UPON THE CONVERSION OF THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE TRANSFEROR REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (3) TO LOCKHEED MARTIN CORPORATION OR ANY SUBSIDIARY THEREOF OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

THIS SECURITY, ANY SHARES OF COMMON STOCK ISSUABLE UPON ITS CONVERSION AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON REALES AND OTHER TRANSFERS OF THIS

SECURITY AND ANY SUCH SHARES TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY AND SUCH SHARES SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY AND ANY SUCH SHARES TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.]



LOCKHEED MARTIN CORPORATION

Floating Rate Convertible Senior Debentures due 2033

No. \_\_\_\_\_ Original Principal Amount: \$ \_\_\_\_\_  
Issue Date: \_\_\_\_\_ CUSIP: \_\_\_\_\_

LOCKHEED MARTIN CORPORATION, a Maryland corporation (the "Company"), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the Accreted Principal Amount (as defined in the Indenture referred to on the reverse side of this Security) on August 15, 2033.

This Security shall bear interest and Accreted Interest (as defined in the Indenture) as specified on the reverse side of this Security and in the Indenture. Contingent Interest, if any, on this Security, will be payable as specified on the reverse side of this Security and in the Indenture. This Security is convertible, is subject to redemption at the option of the Company or purchase at the option of the Holder hereof, all as specified on the reverse side of this Security and in the Indenture.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

LOCKHEED MARTIN CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: \_\_\_\_\_

THE BANK OF NEW YORK, as Trustee,  
certifies that this is one of the Securities referred  
to in the within-mentioned Indenture.

By: \_\_\_\_\_  
Authorized Signatory

Floating Rate Convertible Senior Debentures due 2033

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities") limited in aggregate Original Principal Amount to \$1,000,000,000, issued under an Indenture, dated as of August 13, 2003 (the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. Capitalized terms used and not otherwise defined in this Security are used as defined in the Indenture.

Interest.

This Security will bear interest from August 13, 2003 or from the most recent date to which interest has been paid or duly provided for, quarterly in arrears on February 15, May 15, August 15 and November 15 of each year (each, an "Interest Payment Date"), subject to Section 1.08 of the Indenture, commencing November 15, 2003, at the rate per annum equal to 3-month LIBOR, reset quarterly on each Interest Reset Date, minus 0.25%, to but excluding August 15, 2008. Regardless of the level of 3-month LIBOR, however, the annual rate of interest on the Securities during any Interest Period will never be less than zero. Interest on this Security shall be calculated on the basis of a 360-day year and the actual number of days elapsed during the related Interest Period. Interest payable on this Security on any Interest Payment Date will include interest for the immediately preceding Interest Period. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest payment, which shall be the February 1, May 1, August 1 or November 1, as the case may be, immediately preceding the relevant Interest Payment Date. Any interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the registered Holder hereof on the relevant Regular Record Date by virtue of having been such Holder, and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Company, notice whereof shall be given to the Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the

Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

From and after August 15, 2008, the Company will no longer be required to pay cash interest. The Original Principal Amount of this Security shall accrete daily at the Applicable Yield for each Interest Period, which shall be 0% prior to August 15, 2008.

#### Contingent Interest.

From and after August 15, 2008, the Company will pay Contingent Interest on this Security under the circumstances and in the amounts described in Article 14 of the Indenture. Such Contingent Interest, if any, shall be payable quarterly in arrears on each Interest Payment Date to the Holder of this Security as of the close of business on the Regular Record Date relating to such Interest Payment Date.

#### Interest on Overdue Amounts.

If the Accreted Principal Amount hereof or any portion of such Accreted Principal Amount is not paid when due (whether upon acceleration pursuant to Section 4.02 of the Indenture, upon the dates set for payment of the Redemption Price, Purchase Price or Fundamental Change Purchase Price, or upon the Stated Maturity of this Security) or if interest due hereon (including Contingent Interest and Additional Interest, if any) (or any portion of such interest), is not paid when due, then in each such case the overdue amount shall, to the extent permitted by law, bear interest at the rate then borne by this Security or, if any overdue amount exists on or after August 15, 2008, at the Applicable Yield of this Security for the applicable Interest Period, compounded at the end of such Interest Period, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable as set forth in the Indenture.

#### Method of Payment.

Subject to the terms and conditions of the Indenture, the Company will make payments in respect of Redemption Price, Purchase Price, Fundamental Change Purchase Price and at Stated Maturity to Holders who surrender Securities to a Paying Agent to collect such payments in respect of the Securities; provided that if any Redemption Date, Purchase Date or Fundamental Change Date is an Interest Payment Date, accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) shall be paid to the Holder of record as of the applicable Regular Record Date. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender

for payment of public and private debts. However, the Company may make such cash payments by check payable in such money; provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest (including Contingent Interest, if any) on all Global Securities and all Securities of Holders of more than \$25,000,000 aggregate Original Principal Amount of Securities that have requested such method of payment and provided wire transfer instructions to the Company or the Paying Agent at least five Business Days prior to the applicable Interest Payment Date. If any Interest Payment Date (other than an Interest Payment Date coinciding with the Stated Maturity or earlier Redemption Date, Purchase Date, or Fundamental Change Purchase Date) falls on a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Interest Payment Date to such next succeeding Business Day, provided that, if such Business Day falls in the next succeeding calendar month, the Interest Payment Date will be the Business Day immediately preceding such Interest Payment Date. If the Stated Maturity, Redemption Date, Purchase Date or Fundamental Change Purchase Date of this Security would fall on a day that is not a Business Day, the required payment of interest, if any, and principal will be made on the next succeeding Business Day and no interest on such payment will accrue and no principal will accrete for the period from and after the Stated Maturity, Redemption Date, Purchase Date or Fundamental Change Purchase Date to such next succeeding Business Day.

Paying Agent, Conversion Agent and Registrar.

Initially, the Trustee will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

Indenture.

The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as in effect from time to time (the "TIA"). The Securities are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of those terms.

The Securities are general unsecured obligations. The Indenture does not limit other indebtedness of the Company.

Redemption at the Option of the Company.

No sinking fund is provided for the Securities. Prior to August 15, 2008, the Securities shall not be redeemable at the option of the Company. Beginning on August 15, 2008 and until the Stated Maturity, the Securities are redeemable for cash as a whole, or from time to time in part, at the option of the Company at a Redemption Price equal to 100% of the Accreted Principal Amount of the Securities, plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) to, but excluding, the Redemption Date, as provided in Article 10 of the Indenture.

If the Company redeems less than all of the outstanding Securities, the Trustee will select the Securities to be redeemed (i) by lot; (ii) pro rata; or (iii) by another method the Trustee considers fair and appropriate. If the Trustee selects a portion of a Holder's Securities for partial redemption and the Holder converts a portion of the same Securities, the converted portion shall be deemed to be from the portion selected for redemption.

Notice of Redemption.

Notice of redemption will be mailed at least 20 days but not more than 60 days before the Redemption Date to each Holder of Securities to be redeemed at the Holder's registered address. If money sufficient to pay the Redemption Price of all Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent prior to or on the Redemption Date, immediately after such Redemption Date interest shall cease to accrue and principal will cease to accrete on such Securities or portions thereof. Securities in denominations larger than \$1,000 Original Principal Amount may be redeemed in part but only in integral multiples of \$1,000.

Purchase By the Company at the Option of the Holder.

Each Holder has the right to require the Company to purchase the Securities held by such Holder on August 15, 2008, 2013, 2018, 2023 and 2028, or if any such day is not a Business Day, the next succeeding Business Day (each, a "Purchase Date"). If required by any Holder, the Company shall purchase Securities for cash at a Purchase Price equal to 100% of the Accreted Principal Amount thereof, plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) to, but excluding, the Purchase Date, upon delivery of a Purchase Notice containing the information set forth in the Indenture, at any time from the opening of business on the date that is 20 Business Days prior to such Purchase Date until the close of business on the Business Day immediately preceding such Purchase Date and upon delivery of the Securities to the Paying Agent by the Holder as set forth in the Indenture.

At the option of the Holder and subject to the terms and conditions of the Indenture, the Company shall purchase all or a portion of the Securities held by such Holder as of the date that is not less than 20 nor more than 35 Business Days after the date of the Company's notice to Holders of the occurrence of a Fundamental Change occurring prior to Stated Maturity for a Fundamental Change Purchase Price equal to 100% of the Accreted Principal Amount thereof, plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) to, but excluding, the Fundamental Change Purchase Date, unless such Fundamental Change Purchase Date falls after a Regular Record Date and on or prior to the corresponding Interest Payment Date, in which case the Company shall pay the full amount of accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) payable on such Interest Payment Date to the Holder at the close of business on such Regular Record Date.

Holders have the right to withdraw any Purchase Notice or Fundamental Change Purchase Notice, as the case may be, by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

As provided in the Indenture, if cash sufficient to pay the Purchase Price or Fundamental Change Purchase Price, as the case may be, of all Securities or portions thereof to be purchased as of the Purchase Date or the Fundamental Change Purchase Date, as the case may be, is deposited with the Paying Agent on the Purchase Date or the Fundamental Change Purchase Date, as the case may be, all interest (including Contingent Interest and Additional Interest, if any) ceases to accrue and principal ceases to accrete on such Securities (or portions thereof) immediately after such Purchase Date or Fundamental Change Purchase Date, as the case may be, and the Holder thereof shall have no other rights as such (other than the right to receive the Purchase Price or Fundamental Change Purchase Price, as the case may be, upon surrender of such Security).

Conversion.

Subject to the terms of the Indenture, the Holder of a Security may convert the Security into shares of Common Stock at the Conversion Rate under the circumstances set forth in Section 11.01 of the Indenture; provided, however, the Company may satisfy its obligation with respect to any demand for conversion by delivering Common Stock, cash or a combination of cash and Common Stock. The Conversion Rate for the Securities on any Conversion Date shall be determined as set forth in the Indenture. Upon conversion of a Security, the Company shall deliver the Conversion Settlement Distribution within the time periods set forth in Section 11.02 of the Indenture.

A Security in respect of which a Holder has delivered a Purchase Notice or a Fundamental Change Purchase Notice exercising the option of such Holder

to require the Company to purchase such Security may be converted only if such notice of exercise is withdrawn in accordance with the terms of the Indenture.

A Holder's right to convert the Securities into Common Stock of the Company is also subject to the Company's right to elect pursuant to Section 11.03 of the Indenture to pay such Holder cash in lieu of delivering all or part of such Common Stock; provided, however, that if such payment of cash is not permitted pursuant to the provisions of the Indenture, the Company shall deliver Common Stock (and cash in lieu of fractional shares of Common Stock) in accordance with the Indenture, whether or not the Company has delivered a notice pursuant to the Indenture to the effect that the Securities will be paid in cash.

If an Event of Default (other than a default in a cash payment upon conversion of the Securities) shall have occurred and be continuing, the Company shall deliver Common Stock in accordance with the terms of the Indenture, whether or not the Company has delivered a notice pursuant to Section 11.03 of the Indenture to the effect that the Securities would be paid in cash or a combination of cash and Common Stock.

A Holder may convert a portion of a Security if the Original Principal Amount of such portion is \$1,000 or an integral multiple of \$1,000. No payment or adjustment shall be made for dividends on the Common Stock except as provided in the Indenture. On conversion of a Security, any accrued and unpaid interest (including Contingent Interest, if any, Accreted Interest for all Interest Periods concluding prior to the Conversion Date, if any, and Accreted Interest for the Interest Period in which the Conversion Date occurs, if any) with respect to such Security that is attributable to the period from the Issue Date to the Conversion Date shall not be cancelled, extinguished or forfeited but rather shall be deemed paid in full to the Holder of such Security through the delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, in exchange for the Security being converted pursuant to the provisions hereof, and the fair market value of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, shall be treated as issued, to the extent thereof, first in exchange for any accrued and unpaid interest (including Contingent Interest, if any, Accreted Interest for all Interest Periods concluding prior to the Conversion Date, if any, and Accreted Interest for the Interest Period in which the Conversion Date occurs, if any) attributable to the period from the Issue Date to the Conversion Date, and the balance, if any, of such fair market value shall be treated as issued in exchange for the Original Principal Amount of the Security being converted pursuant to the provisions hereof. Notwithstanding the preceding sentence, on conversion of a Security during the period from the close of business on any Regular Record Date immediately preceding any Interest



Payment Date to the close of business on the Business Day immediately preceding such Interest Payment Date, the Holder on such Regular Record Date shall receive the interest payable on such Interest Payment Date.

Securities or portions thereof surrendered for conversion during the period from the close of business on any Regular Record Date immediately preceding any Interest Payment Date to the close of business on the Business Day immediately preceding such Interest Payment Date shall be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date with respect to the Original Principal Amount of Securities or portions thereof being surrendered for conversion; provided that no such payment need be made if (1) the Company has specified a Redemption Date that occurs during the period from the close of business on a Regular Record Date to the close of business on the Interest Payment Date to which such Regular Record Date relates, (2) the Company has specified a Fundamental Change Purchase Date during such period or (3) only to the extent of overdue interest or overdue Contingent Interest, any overdue interest or overdue Contingent Interest exists on the Conversion Date with respect to the Securities converted.

No fractional shares will be issued upon conversion; in lieu thereof, an amount will be paid in cash pursuant to Section 11.04 of the Indenture. The Company shall deliver cash or a check in lieu of any fractional share of Common Stock

The Company agrees, and by acceptance of a beneficial interest in a Security each Holder and any beneficial owner of a Security shall be deemed to agree to be bound (in the absence of an administrative determination or judicial ruling to the contrary) by the Company's determination of the projected payment schedule within the meaning of the contingent debt regulations, and accordingly shall treat, for United States federal income tax purposes, the fair market value of the Common Stock received upon the conversion of a Security (together with any cash payment in lieu of fractional shares) or cash in lieu thereof, or a combination of cash and Common Stock as a contingent payment on the Security for purposes of Treasury Regulation Section 1.1275-4 or any successor provision.

To convert a Security, a Holder must fulfill the conditions set forth in Section 11.02 of the Indenture.

The Conversion Rate will be adjusted as set forth in Article 11 of the Indenture.

Denominations; Transfer; Exchange.

The Securities are in fully registered form, without coupons, in denominations of \$1,000 of Original Principal Amount and integral multiples of \$1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities in respect of which a Purchase Notice or Fundamental Change Purchase Notice has been given and not withdrawn (except, in the case of a Security to be purchased in part, the portion of the Security not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

Persons Deemed Owners.

The registered Holder of this Security may be treated as the owner of this Security for all purposes.

Unclaimed Money or Securities.

The Trustee and the Paying Agent shall return to the Company upon written request any money or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years subject to applicable unclaimed property law. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

Amendment; Waiver.

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Securities may be amended with the written consent of the Holders of at least a majority in aggregate Original Principal Amount of the Securities at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of a majority in aggregate Original Principal Amount of the Securities at the time outstanding. The Company and the Trustee may amend the Indenture under certain circumstances without the consent of the Holders, as described in the Indenture.

#### Defaults and Remedies.

If an Event of Default occurs and is continuing, the Trustee, or the Holders of at least 25% in aggregate Original Principal Amount of the Securities at the time outstanding, may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives reasonable indemnity or security. Subject to certain limitations, Holders of a majority in aggregate Original Principal Amount of the Securities at the time outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default (except a Default in payment on any Security if it determines that withholding notice is in their interests.

#### Trustee Dealings with the Company.

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

#### No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

#### Authentication.

This Security shall not be valid until an authorized signatory of the Trustee manually signs the Trustee's Certificate of Authentication on the other side of this Security.

#### Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the

entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

GOVERNING LAW.

THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THIS SECURITY, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture.

Lockheed Martin Corporation  
6801 Rockledge Drive  
Bethesda, Maryland 20817  
Attention: Treasurer



ASSIGNMENT FORM

To assign this Security, fill in the form below:

For value received \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_ (Please insert social security or other Taxpayer Identification Number of assignee) the within Security, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer said Security on the books of Lockheed Martin Corporation (the "Company"), with full power of substitution in the premises.

In connection with any transfer of the Security prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision) (other than any transfer pursuant to a registration statement that has been declared effective under the Securities Act), the undersigned confirms that such Security is being transferred:

- To the Company or a subsidiary thereof; or
- To a "qualified institutional buyer" in compliance with Rule 144A under the Securities Act of 1933, as amended; or
- Pursuant to a Registration Statement which has been declared effective under the Securities Act of 1933, as amended, and which continues to be effective at the time of transfer; or
- Pursuant to and in compliance with another available exemption from the registration requirements of the Securities Act of 1933, as amended.

Unless one of the boxes is checked, the Trustee or Registrar will refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof.

Dated: \_\_\_\_\_

\_\_\_\_\_

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other

"signature guarantee program" as may be determined by the Security registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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Signature Guarantee

CONVERSION NOTICE

To convert this Security into Common Stock of the Company, check the box:

To convert only part of this Security, state the Original Principal Amount to be converted (which must be \$1,000 or an integral multiple of \$1,000):  
\$ \_\_\_\_\_

If you want the stock certificate made out in another person's name, fill in the form below:

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(Insert other person's soc. sec. or tax ID no.)

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(Print or type other person's name, address and zip code)

Your  
Signature: \_\_\_\_\_

(Sign exactly as your name appears on the other side of this Security)



PURCHASE NOTICE

TO: LOCKHEED MARTIN CORPORATION  
THE BANK OF NEW YORK

The undersigned registered owner of this Security hereby irrevocably acknowledges receipt of a notice from Lockheed Martin Corporation (the "Company") regarding the right of holders to elect to require the Company to purchase the Securities and requests and instructs the Company to purchase the entire Original Principal Amount of this Security, or portion thereof (which is \$1,000 Original Principal Amount or an integral multiple thereof) designated below, in accordance with the terms of the Indenture at the price of 100% of the Accreted Principal Amount or proportional portion thereof, together with accrued interest (including Contingent Interest and Additional Interest, if any) to, but excluding, the Purchase Date, to the registered holder hereof. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. The Securities shall be purchased by the Company as of the applicable Purchase Date pursuant to the terms and conditions specified in the Indenture. This election is made pursuant to: Article 12, Purchase at Option of Holders at August 15, 2008, 2013, 2018, 2023 and 2028.

Dated:

Signature(s):

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Security in every particular without alteration or enlargement or any change whatever.

Security Certificate Number (if applicable):

Original Principal Amount to be purchased (if less than all):

Social Security or Other Taxpayer Identification Number:

OPTION OF HOLDER TO ELECT PURCHASE ON FUNDAMENTAL CHANGE

TO: LOCKHEED MARTIN CORPORATION  
THE BANK OF NEW YORK

The undersigned registered owner of this Security hereby irrevocably acknowledges receipt of a notice from Lockheed Martin Corporation (the "Company") regarding the right of holders to elect to require the Company to purchase the Securities upon a Fundamental Change and requests and instructs the Company pursuant to Section 13.01 to purchase the entire Original Principal Amount of this Security, or portion thereof (which is \$1,000 Original Principal Amount or an integral multiple thereof) designated below, in accordance with the terms of the Indenture at the price of 100% of the Accreted Principal Amount or proportional portion thereof, together with accrued interest (including Contingent Interest and Additional Interest, if any) to, but excluding, the Fundamental Change Purchase Date, to the registered holder hereof. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. The Securities shall be repurchased by the Company as of the Fundamental Change Purchase Date pursuant to the terms and conditions specified in the Indenture.

Dated:

Signature(s):

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Security in every particular without alteration or enlargement or any change whatever.

Security Certificate Number (if applicable):

Original Principal Amount to be purchased (if less than all):

Social Security or Other Taxpayer Identification Number:

[Letterhead of King & Spalding LLP]

August 28, 2003

Lockheed Martin Corporation  
6801 Rockledge Drive  
Bethesda, Maryland 20817

Ladies and Gentlemen:

We have acted as counsel to Lockheed Martin Corporation, a Maryland corporation (the "Corporation"), in connection with the registration with the Securities and Exchange Commission (the "Commission"), pursuant to the Securities Act of 1933 (the "Act"), of \$1,000,000,000 aggregate principal amount of Floating Rate Convertible Senior Debentures due 2033 of the Corporation (the "Debentures") and the shares of common stock of the Corporation, par value \$1.00 per share (the "Common Stock"), that are issuable upon conversion of the Debentures, which Debentures were issued pursuant to an Indenture dated as of August 13, 2003, between the Corporation and The Bank of New York, as Trustee (the "Indenture").

In so acting, we have reviewed the Charter and Bylaws of the Corporation, the Registration Statement on Form S-3 relating to the Debentures and the Common Stock filed by the Corporation on the date hereof (the "Registration Statement"), and the corporate action taken by the Corporation that provides for the issuance of the Debentures under the Indenture and the issuance of the Common Stock upon conversion of the Debentures. We have also reviewed such matters of law and examined original, certified, conformed or photographic copies of such other documents, records, agreements and certificates as we have deemed necessary as a basis for the opinions hereinafter expressed. In such review, we have assumed the genuineness of signatures on all documents submitted to us as originals and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies.

For purposes of the opinions below, we have assumed that the execution and delivery of, and the performance of all obligations under, the Indenture have been duly authorized by all requisite action by the Trustee, and that the Indenture has been duly executed and delivered by the Trustee and is a valid and binding agreement of the Trustee, enforceable against the Trustee in accordance with its terms.

This opinion is limited in all respects to the laws of the State of New York and the State of Maryland, and no opinion is expressed with respect to the laws of any other jurisdiction or any effect which such laws may have on the opinions expressed herein. This opinion is limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated herein.

Based upon the foregoing and subject to the assumptions, limitations and qualifications set forth herein, we are of the opinion that:

1. The Indenture has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, subject as to enforcement of remedies to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors generally and to the effect of general principles of equity. The Debentures have been duly authorized, executed and delivered by the Corporation and constitute valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their terms, subject as to enforcement of remedies to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors generally and to the effect of general principles of equity.
2. The shares of Common Stock issuable upon conversion of the Debentures, as described in the Registration Statement, have been duly and validly authorized, and, when issued upon conversion of the Debentures in accordance with the terms of the Indenture, will be legally issued, fully paid, and nonassessable.

This opinion is given as of the date hereof, and we assume no obligation to advise you after the date hereof of facts or circumstances that come to our attention or changes in law that occur, that could affect the opinions contained herein. This opinion may not be furnished to or relied upon by any person or entity (other than the addressee hereof) for any purpose without our prior written consent.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement in respect of the Debentures and the shares of Common Stock issuable upon conversion of the Debentures, and to the reference to us under the heading "Legal Matters" in the Prospectus. In giving our consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ King & Spalding LLP

[Letterhead of King & Spalding LLP]

August 28, 2003

Lockheed Martin Corporation  
6801 Rockledge Drive  
Bethesda, MD 20817

Re: Form S-3 Registration Statement

Ladies and Gentlemen:

We have acted as counsel for Lockheed Martin Corporation (the "Company") in connection with the Registration Statement on Form S-3 filed by the Company on the date hereof with the Securities and Exchange Commission (the "Registration Statement") relating to the registration of \$1,000,000,000 aggregate principal amount of Floating Rate Convertible Senior Debentures due 2033, and hereby confirm our opinion that the statements set forth in the Prospectus included in the Registration Statement under the caption "Material United States Federal Income Tax Considerations" insofar as they purport to constitute summaries of matters of United States federal income tax law and regulations or legal conclusions with respect thereto, constitute accurate summaries of matters described therein in all material respects.

We hereby consent to the filing with the Securities and Exchange Commission of this letter as an exhibit to the Registration Statement. In giving such consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules or regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ King & Spalding LLP



CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Independent Auditors" in the Registration Statement on Form S-3 and related Prospectus of Lockheed Martin Corporation for the registration of \$1,000,000,000 of debt securities and to the incorporation by reference therein of our report dated January 22, 2003, with respect to the consolidated financial statements of Lockheed Martin Corporation included in its Annual Report on Form 10-K for the year ended December 31, 2002 filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

McLean, VA  
August 27, 2003

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Marian S. Block and David A. Dedman, and each of them, jointly and severally, the undersigned's true and lawful attorneys-in-fact and agents, with full power of substitution, for the undersigned and in the undersigned's name, place and stead and in any and all capacities, to sign and affix the undersigned's name as such director and/or officer of Lockheed Martin Corporation (the Company) to a Registration Statement or Registration Statements on Form S-3 or other applicable form, and all amendments, including post-effective amendments, thereto, and all registration statements for the same offering that are to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, to be filed by the Company with the Securities and Exchange Commission, Washington, D.C. in connection with the registration under the Securities Act of 1933, as amended, of the Floating Rate Convertible Senior Debentures due 2033 of the Company (the "Debentures") and the underlying shares of Common Stock (par value \$1 per share) of the Company into which the Debentures may be converted from time to time (both of the foregoing being referred to in this Power of Attorney as "Securities"), proposed to be registered by the Company for re-sale on behalf of one or more holders of such Securities, and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers herein expressly granted, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Vance D. Coffman  
-----  
Vance D. Coffman  
Chairman and Chief Executive Officer  
and Director

August 7, 2003



POWER OF ATTORNEY

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/s/ E.C. Pete Aldridge, Jr.

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E.C. Pete Aldridge, Jr.  
Director

August 7, 2003

POWER OF ATTORNEY

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/s/ Nolan D. Archibald

-----  
Nolan D. Archibald  
Director

August 7, 2003

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/s/ Norman R. Augustine

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Norman R. Augustine  
Director

August 7, 2003

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/s/ Marcus C. Bennett

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Marcus C. Bennett  
Director

August 6, 2003

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

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/s/ Gwendolyn S. King

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Gwendolyn S. King  
Director

August 7, 2003

POWER OF ATTORNEY

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/s/ Douglas H. McCorkindale

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Douglas H. McCorkindale  
Director

August 7, 2003

POWER OF ATTORNEY

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/s/ Eugene F. Murphy

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Eugene F. Murphy  
Director

August 7, 2003

POWER OF ATTORNEY

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/s/ Joseph W. Ralston

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Joseph W. Ralston  
Director

August 7, 2003



POWER OF ATTORNEY

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/s/ Frank Savage

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Frank Savage  
Director

August 7, 2003

POWER OF ATTORNEY

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/s/ Anne Stevens

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Anne Stevens  
Director

August 7, 2003

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

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/s/ James R. Ukropina

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James R. Ukropina  
Director

August 7, 2003

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/s/ Robert J. Stevens

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Robert J. Stevens  
President and Chief Operating Officer  
and Director

August 7, 2003

POWER OF ATTORNEY

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/s/ Christopher E. Kubasik

August 7, 2003

-----  
Christopher E. Kubasik  
Senior Vice President and  
Chief Financial Officer

POWER OF ATTORNEY

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/s/ Rajeev Bhalla

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Rajeev Bhalla  
Vice President and Controller

August 7, 2003

FORM T-1

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF A  
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE  
ELIGIBILITY OF A TRUSTEE PURSUANT TO  
SECTION 305(b)(2) []

THE BANK OF NEW YORK  
(Exact name of trustee as specified in its charter)

New York 13-5160382  
(State of incorporation (I.R.S. employer  
if not a U.S. national bank) identification no.)

One Wall Street, New York, N.Y. 10286  
(Address of principal executive offices) (Zip code)

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

Maryland 52-1893632  
(State or other jurisdiction of (I.R.S. employer  
incorporation or organization) identification no.)

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

-----  
Floating Rate Convertible Senior Debentures Due 2033  
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of Banks of the State of New York	2 Rector Street, New York, N.Y. 10006, and Albany, N.Y. 12203
Federal Reserve Bank of New York	33 Liberty Plaza, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, New York 10005

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)
4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 33-31019.)
6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.



SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 27th day of August, 2003.

THE BANK OF NEW YORK

By: /s/ MARY LAGUMINA

-----  
Name: MARY LAGUMINA

Title: VICE PRESIDENT

-----  
 Consolidated Report of Condition of

THE BANK OF NEW YORK

of One Wall Street, New York, N.Y. 10286

And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business June 30, 2003,  
 published in accordance with a call made by the Federal Reserve Bank of this  
 District pursuant to the provisions of the Federal Reserve Act.

Dollar Amounts  
 In Thousands  
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ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	\$ 4,257,371
Interest-bearing balances	6,048,782
Securities:	
Held-to-maturity securities	373,479
Available-for-sale securities	18,918,169
Federal funds sold in domestic offices	6,689,000
Securities purchased under agreements to resell	5,293,789
Loans and lease financing receivables:	
Loans and leases held for sale	616,186
Loans and leases, net of unearned income	38,342,282
LESS: Allowance for loan and lease losses	819,982
Loans and leases, net of unearned income and allowance	37,522,300
Trading Assets	5,741,193
Premises and fixed assets (including capitalized leases)	958,273
Other real estate owned	441
Investments in unconsolidated subsidiaries and associated companies	257,626
Customers' liability to this bank on acceptances outstanding	159,995
Intangible assets	
Goodwill	2,554,921
Other intangible assets	805,938
Other assets	6,285,971
	-----
Total assets	\$96,483,434
	=====

Dollar Amounts  
In Thousands

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LIABILITIES

Deposits:	
In domestic offices	\$37,264,787
Noninterest-bearing	15,357,289
Interest-bearing	21,907,498
In foreign offices, Edge and Agreement subsidiaries, and IBFs	28,018,241
Noninterest-bearing	1,026,601
Interest-bearing	26,991,640
Federal funds purchased in domestic offices	739,736
Securities sold under agreements to repurchase	465,594
Trading liabilities	2,456,565
Other borrowed money: (includes mortgage indebtedness and obligations under capitalized leases)	8,994,708
Bank's liability on acceptances executed and outstanding	163,277
Subordinated notes and debentures	2,400,000
Other liabilities	7,446,726
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Total liabilities	\$87,949,634
	=====
Minority interest in consolidated subsidiaries	519,472

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common stock	1,135,284
Surplus	2,056,273
Retained earnings	4,694,161
Accumulated other comprehensive income	128,610
Other equity capital components	0
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Total equity capital	8,014,328
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Total liabilities minority interest and equity capital	\$96,483,434
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I, Thomas J. Mastro, Senior Vice President and Comptroller of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas J. Mastro,  
Senior Vice President and Comptroller

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Thomas A. Renyi  
Gerald L. Hassell                      Directors  
Alan R. Griffith