

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of Earliest Event Reported) – October 28, 2005

LOCKHEED MARTIN CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of Incorporation)

1-11437
(Commission File Number)

52-1893632
(IRS Employer
Identification No.)

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

20817
(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

As previously disclosed, since January of 2002, non-employee directors have received a \$75,000 annual cash retainer and \$75,000 in stock units, stock options or a 50/50 combination of stock units and options for their service on Lockheed Martin Corporation's Board of Directors. Committee Chairmen also have received an additional retainer of \$5,000.

The goals of the director compensation program are to:

- Align the interests of board members, executives and shareholders;
- Attract and retain high quality director talent;
- Clarify the relationship of board compensation to shareholder value;
- Facilitate communications regarding compensation to shareholders and institutional investors; and
- Meet the needs of a diverse group of board members (depending on individual life situations).

After reviewing market data prepared by an outside consultant concerning director compensation at other companies, on October 28, 2005, the Board of Directors approved a resolution increasing the annual cash retainer to be paid to non-employee directors to \$90,000, effective November 1, 2005. The retainer is paid in quarterly installments, except that any non-employee director who is elected or who retires at any time during the year is paid an amount pro-rated to reflect the portion of the year during which the individual serves as a director. The increased portion of the cash retainer for the fourth quarter of 2005 will be prorated for the months of November and December 2005.

The Board of Directors also amended the Lockheed Martin Directors Equity Plan, effective January 1, 2006, to increase the annual equity-based award to \$90,000 in fair market value of stock units, options or a 50/50 combination of units and options, as determined on the date of grant. Additional amendments to that plan and to the Lockheed Martin Corporation Directors Deferred Compensation Plan were made to comply with recent amendments to Section 409A of the Internal Revenue code applicable to deferred compensation. A copy of the Lockheed Martin Directors Equity Plan and the Lockheed Martin Directors Deferred Compensation Plan, as amended and restated, are provided as Exhibits 10.1 and 10.2, and are incorporated herein by reference.

Effective November 1, 2005, non-employee Chairmen of each of the Ethics and Corporate Responsibility Committee, the Management Development and Compensation Committee, the Executive Committee, the Strategic Affairs and Finance Committee and the Nominating and Corporate Governance Committee will receive an annual retainer of \$12,500, and the Chairman of the Audit Committee will receive an annual retainer of \$20,000.

Additional information regarding other forms of compensation that non-employee directors are eligible to receive is included in the Corporation's proxy statement for its 2005 annual meeting of stockholders, dated March 18, 2005. Robert J. Stevens, Chairman, President and Chief Executive Officer of the Corporation, is not compensated separately for his service as a director.

Item 5.03. Amendments to Articles of Incorporation or Bylaws.

The Board of Directors amended Section 3.06 of the Corporation's Bylaws, relating to the charter of the Nominating and Corporate Governance Committee. The amendment clarifies, consistent with prior practice, that the Nominating and Corporate Governance Committee has sole authority to retain and terminate any search firm used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms. A copy of the Corporation's Bylaws, as amended and restated effective as of October 28, 2005, is provided as Exhibit 3.2 and incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On November 3, 2005, the Corporation issued a press release indicating that it will hold an investor conference on November 8, 2005, which will be webcast, and plans to reaffirm its 2005 and 2006 financial projections previously provided in its earnings release dated October 25, 2005. A copy of the press release, dated November 3, 2005, is furnished as Exhibit 99.1. A copy of the Corporation's earnings release, dated October 25, 2005, previously was furnished as Exhibit 99.1 to the Corporation's Form 8-K dated October 25, 2005.

Item 9.01. Financial Statements and Exhibits

<u>Exhibit No.</u>	<u>Description</u>
3.2	Lockheed Martin Corporation Amended and Restated Bylaws effective as of October 28, 2005
10.1	Lockheed Martin Corporation Directors' Equity Plan
10.2	Lockheed Martin Corporation Directors Deferred Compensation Plan
99.1	Lockheed Martin Corporation press release dated November 3, 2005

SIGNATURES

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

LOCKHEED MARTIN CORPORATION

/s/ MARTIN T. STANISLAV

Martin T. Stanislav
Vice President and Controller

November 3, 2005

BYLAWS

Lockheed Martin Corporation

Effective October 28, 2005

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OF
LOCKHEED MARTIN CORPORATION**

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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 the absence of the Chairman of the Board 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 (10th) 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 (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) 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, 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 if the Chairman of the Board is not 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. Upon recommendation by the Nominating and Corporate Governance Committee, the Board may remove any committee member at any time. Vacancies on 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 budget of the Corporation and make recommendations to the Board of Directors for 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. Upon recommendation by the Nominating and Corporate Governance Committee, the Board may remove any committee member at any time. Vacancies on the Committee shall be filled by the Board of Directors.

Section 3.03. AUDIT COMMITTEE. *Membership:* The Audit Committee shall consist of three (3) or more directors who meet the independence and financial literacy and expertise requirements of the New York Stock Exchange. The members of the Audit 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 a chairman from among the membership of the Audit Committee. Upon recommendation by the Nominating and Corporate Governance Committee, the Board may remove any committee member at any time. Vacancies on the Committee shall be filled by the Board of Directors.

Purposes: The purpose of the Audit Committee shall be to assist the Board of Directors in fulfilling its oversight responsibilities relating to (i) the integrity of the Corporation's financial statements, (ii) the Corporation's compliance with legal and regulatory requirements, (iii) the qualifications, independence and performance of the Corporation's independent auditors and (iv) the performance of the Corporation's internal audit function. The Audit Committee shall, except when such powers are by statute or regulation reserved to the Board of Directors, possess and may exercise the powers of the Board of Directors relating to all accounting and auditing matters for the Corporation.

Responsibilities: In order to achieve the purposes outlined in this charter, the Audit Committee shall be assigned the following responsibilities:

1. *Independent Auditors.*

(a) Be directly responsible for the appointment, compensation, retention, oversight and termination of the independent auditors, which auditors shall report directly to the Audit Committee;

(b) Ensure that the independent auditors submit on a periodic basis (but at least annually) to the Audit Committee a report delineating all relationships between the independent auditor and the Corporation, and have authority to take appropriate action in response to the independent auditors' report to satisfy itself of the independent auditors' independence;

(c) Ensure that the independent auditors submit on a periodic basis (but at least annually) to the Audit Committee a report or reports describing (i) the independent auditors' internal quality-control procedures and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the auditing firm; and any steps taken to deal with any such issues; and have authority to take appropriate action in response to any such report;

(d) Pre-approve the audit, audit-related and non-audit services to be provided by the Corporation's independent auditors, and the related fees, pursuant to pre-approval policies and procedures established by the Audit Committee;

(e) Review with the independent auditors any audit problems or difficulties and management's response thereto, and be directly responsible for the resolution of disagreements between management and the independent auditors regarding the Corporation's financial reporting;

(f) Require that the independent auditors advise the Audit Committee of any matters identified during reviews of quarterly financial statements or audits of annual financial statements which are required to be communicated to the Audit Committee by the independent auditors under generally accepted auditing standards, and that the independent auditors provide such communication prior to the related quarterly or annual press release or, if not practicable, prior to filing the related Securities and Exchange Commission filings on Form 10-Q or Form 10-K;

(g) Evaluate the independent auditors' qualifications, performance and independence, including evaluation of the lead partner of the independent auditor, and monitor the rotation of the lead partner;

(h) Establish policies for the Corporation's hiring of current or former employees of the independent auditors.

2. *Internal Auditors.* Review the qualifications and work of the Corporation's internal audit staff, the scope of the internal audit staff's work plan for the year, its budget and staffing and, as appropriate, review significant findings and management's actions to address these findings.

3. *Financial Statements, Disclosures and Related Matters.*

(a) Review with the Corporation's management, independent auditors and internal auditors, as appropriate, the following:

(i) Any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls;

(ii) Any analyses prepared by management and/or the independent auditors setting forth significant accounting and financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative methods under generally accepted accounting principles on the financial statements; and

(iii) The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation.

(b) Review with the Corporation's management the type and presentation of information included in its earnings press releases, paying particular attention to the use of non-GAAP financial information, and financial information and earnings guidance provided to analysts and rating agencies.

(c) Prior to filing with the Securities and Exchange Commission, review and discuss with management and the independent auditors:

(i) the Corporation's annual audited financial statements to be filed on Form 10-K, and recommend to the Board whether the annual audited financial statements should be included in the Corporation's Form 10-K, with the review to include: (x) 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 (y) the disclosure included in "Management's Discussion and Analysis of Financial Condition and Results of Operations;"

(ii) management's assessment of and report on the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year, and the independent auditor's related report;

(iii) the Corporation's quarterly financial statements to be filed on Form 10-Q, with the review to include the disclosures included in "Management's Discussion and Analysis of Financial Condition and Results of Operations;" and

(iv) any significant deficiencies or material weaknesses identified by management in connection with required quarterly certifications, and any significant changes in internal control over financial reporting that are disclosed.

(d) Obtain and review a report from the independent auditors, prior to filing of the Form 10-K with the Securities and Exchange Commission, related to the Corporation's critical accounting policies and practices used; all alternative treatments under generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternatives and the independent auditors' preferred treatment; and other material written communication between the independent auditors and management, as appropriate; and

(e) Prepare an Audit Committee report as required by the Securities and Exchange Commission to be included in the Corporation's annual proxy statement.

4. *Other Risk Management Matters.* Review the Corporation's policies and practices with respect to risk assessment and risk management, including discussing with management the

Corporation's major financial risk exposures and the steps that have been taken to monitor and control such exposures.

5. *Legal and Regulatory Compliance Matters.*

(a) Establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission to the Corporation of concerns regarding questionable accounting or auditing matters; and review any complaints regarding accounting, internal accounting controls or auditing matters received pursuant to such procedures;

(b) Review with the General Counsel the status of pending claims, litigation and other legal matters on a periodic basis.

6. *Committee Self-Assessment.* The Audit Committee shall annually conduct a performance evaluation of the Committee.

Authorities: In furtherance of its responsibilities, the Audit Committee shall have the power to investigate any matter falling within its jurisdiction, and it shall also possess the following authorities:

1. *Outside Advisors.* The Audit Committee may retain, at the Corporation's expense, special legal, accounting or other advisors and may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditors to meet with any members of, or advisors to, the Audit Committee.

2. *Delegated Authority.* The Audit Committee shall 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. *Subcommittees.* The Audit Committee may delegate its authority to subcommittees (which may consist of one (1) or more members of the Committee) when it deems appropriate and in the best interests of the Corporation.

4. *Reports to Board of Directors.* The Committee shall report regularly to the Board of Directors.

5. *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.

Procedures: The Audit Committee shall hold at least four meetings each year, and shall at least annually meet in executive session and periodically in executive session with representatives of the Corporation's independent auditors, management and internal audit department.

Limitations Inherent in the Audit Committee's Role: While the Audit Committee has the responsibilities and powers set forth in this charter, it is not the responsibility of the Audit 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 responsibility of the Audit Committee to assure compliance with laws and regulation and the Corporation's Code of Ethics and Business Conduct.

Section 3.04. ETHICS AND CORPORATE RESPONSIBILITY COMMITTEE. The Board of Directors by resolution adopted by a majority of the Board of Directors may provide for an Ethics and Corporate Responsibility 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:

1. monitor compliance with the Code of Ethics and Business Conduct, and review and resolve all matters of concern presented to it by the Corporate Steering Committee on Ethics and Business conduct or the Corporate Ethics Office;
2. 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;
3. review and monitor on a periodic basis the adequacy of the Corporation's policies and procedures with respect to diversity and Equal Employment Opportunity (EEO), including the Corporation's record of compliance with employment-related laws and regulations;
4. oversee matters pertaining to community and public relations, including governmental relations; and
5. review on an annual basis the proposed contributions budget of the Corporation and make recommendations to the Board of Directors for 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 matters pertaining to ethics and business conduct and corporate responsibility. 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. Upon recommendation by the Nominating and Corporate Governance Committee, the Board may remove any committee member at any time. Vacancies on the Committee shall be filled by the Board of Directors.

Section 3.05(a). MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE. *Membership:* The Management Development and Compensation Committee shall consist of three (3) or more Directors who meet the independence requirements of the New

York Stock Exchange. The members of the Management Development and 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 a chairman from among the membership of the Management Development and Compensation Committee. Upon recommendation by the Nominating and Corporate Governance Committee, the Board may remove any committee member at any time. Vacancies on the Committee shall be filled by the Board of Directors.

Purposes: The Management Development and Compensation Committee shall make recommendations to the Board of Directors concerning the compensation of the Corporation's executives and produce an annual report on executive compensation for inclusion in the Corporation's annual proxy statement.

Responsibilities: In order to achieve the purposes outlined in this charter, the Management Development and Compensation Committee shall be assigned the following responsibilities:

1. *Compensation of Chief Executive Officer.* Review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation; evaluate the Chief Executive Officer's performance in light of those goals and objectives; and recommend to the Board of Directors the Chief Executive Officer's compensation level based on this evaluation.

2. *Compensation of Senior Officers.* Review 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 from time to time.

3. *Appraise management performance/other elected officers.* Appraise the performance of management and have the power to fix the compensation of all other elected officers.

4. *Other benefits.* Make recommendations to the board with respect to incentive-compensation plans which shall include the power 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.

5. *Committee Self-Assessment.* The Management Development and Compensation Committee shall annually conduct a performance evaluation of the committee.

Authorities: In furtherance of its responsibilities, the Management Development and Compensation Committee shall possess the following authorities:

1. *Outside Advisors.* The Committee may retain, at company expense, any outside advisor, including outside counsel and consulting firms to assist in evaluating executive compensation.

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 Management Development and Compensation Committee to the Board of Directors at its meeting next succeeding such action, which (except as specifically reserved to the Management Development and Compensation Committee by statute or the Charter or these Bylaws) 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 3.05(b). STOCK OPTION SUBCOMMITTEE. *Membership:* The Stock Option Subcommittee (“the Subcommittee”) shall consist of three (3) or more Directors of the Management Development and Compensation Committee who meet the qualifications of an independent director under Section 162(m) of the Internal Revenue Code. The members of the 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 a chairman from among the membership of the Subcommittee. Upon recommendation by the Nominating and Corporate Governance Committee, the Board may remove any Subcommittee member at any time. Vacancies on the Subcommittee shall be filled by the Board of Directors.

Responsibilities: In order to achieve the purposes outlined in this charter, the Subcommittee shall be assigned the following responsibilities:

1. *Equity or Performance-based executive compensation.* The Subcommittee shall serve as the Stock Option Subcommittee of the Board and shall administer any equity or performance-based executive compensation plan and approve awards granted thereunder.

Authorities: In furtherance of its responsibilities, the Subcommittee shall possess the following authorities:

1. *Outside Advisors.* The Subcommittee may retain, at company expense, any outside advisor, including outside counsel and consulting firms to assist in evaluating executive compensation.

2. *Delegated Authority.* The Subcommittee 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 Subcommittee shall report all action by the Stock Option Subcommittee to the Board of Directors at its meeting next succeeding such action, which (except as specifically reserved to the Stock Option Subcommittee by statute or the Charter or these Bylaws) shall be subject to revision and alteration by the Board of Directors.

4. *Subcommittee Charter.* The Subcommittee 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. 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 a chairman from among the membership of the Nominating and Corporate Governance Committee. Upon recommendation by the Nominating and Corporate Governance Committee, the Board may remove any committee member at any time. Vacancies on the Committee shall be filled by the Board of Directors.

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 shall have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms.

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 3.07. 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 3.08. 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, the President, such number of Vice Presidents as the Board of Directors may determine, a Secretary and a Treasurer. 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. The Chief Executive Officer shall serve as the Chairman of the Executive Committee and shall preside at all meetings of the Executive Committee. Subject to the authority of the Board of Directors, the Chief Executive Officer shall have general charge and supervision of the business and affairs of the Corporation. The Chief Executive Officer shall have the authority to sign and execute in the name of the Corporation all deeds, mortgages, bonds, contracts or other instruments. The Chief Executive Officer shall have the authority to vote stock in other corporations, and shall perform such other duties of management as may be prescribed by resolution or as otherwise may be assigned by the Board of Directors. As vested by these Bylaws, the Chief Executive Officer shall have the authority to delegate such authorization and power to some other officer or employee or agent of the Corporation as deemed appropriate.

Section 4.03. PRESIDENT. The President 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 Chief Executive Officer.

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 Chief Executive Officer.

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. Each such subordinate officer shall hold office for such period, have such authority and perform such duties as the Chief Executive Officer 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

DIRECTORS EQUITY PLAN

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LOCKHEED MARTIN CORPORATION

DIRECTORS EQUITY PLAN

May 1, 1999

As Amended May 1, 2000

As Amended Effective January 1, 2002

As Amended Effective October 24, 2002

As Amended Effective January 1, 2005

ARTICLE I

TITLE, PURPOSE AND AUTHORIZED SHARES

This Plan shall be known as "Lockheed Martin Corporation Directors Equity Plan" and shall become effective on May 1, 1999. The purpose of this Plan is to attract, motivate and retain experienced and knowledgeable directors for the Corporation and to further align their economic interests with the interests of stockholders generally. The total number of shares of Common Stock that may be delivered pursuant to awards under this Plan is 1,000,000, subject to adjustments contemplated by Section 7.1. Shares of Common Stock subject to an Option terminating or expiring for any reason prior to its exercise, and Units and Dividend Equivalents that are forfeited pursuant to the Plan, shall be available for Awards to be granted during the term of the Plan.

The Plan is amended and restated, effective January 1, 2005, in order to comply with the requirements of Code section 409A. This amendment and restatement of the Plan shall apply only to the portion of a Participant's Account Balance that is earned or becomes vested on or after January 1, 2005 (and any earnings attributable to that portion). The portion of a Participant's Account Balance that was earned and vested prior to January 1, 2005 (and any earnings attributable to that portion) shall be governed by the terms of the Plan in effect on December 31, 2004, which is attached hereto as Appendix A.

ARTICLE II

DEFINITIONS

The following terms shall have the meaning specified below unless the context clearly indicates otherwise:

Accounts means a Director's Stock Unit Account and Dividend Equivalent Stock Account.

Award means an award granted pursuant to Section 3.1.

Award Date means January 15 of each year (or if January 15 falls on a weekend or holiday, the next following business day).

Beneficiary shall have the meaning specified in Section 8.2(b).

Board of Directors or Board means the Board of Directors of the Corporation.

Change in Control means:

- 1) A tender offer or exchange offer is consummated for the ownership of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding voting securities entitled to vote in the election of directors of the Corporation.
- 2) The Corporation is merged, combined, consolidated, recapitalized or otherwise reorganized with one or more other entities that are not Subsidiaries and, as a result of the merger, combination, consolidation, recapitalization or other reorganization, less than 75% of the outstanding voting securities of the surviving or resulting corporation shall immediately after the event be owned in the aggregate by the stockholders of the Corporation (directly or indirectly), determined on the basis of record ownership as of the date of determination of holders entitled to vote on the action (or in the absence of a vote, the day immediately prior to the event).
- 3) Any person (as this term is used in Sections 3(a)(9) and 13(d)(3) of the Exchange Act, but excluding any person described in and satisfying the conditions of Rule 13d-1(b) (1) thereunder), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities entitled to vote in the election of directors of the Corporation.
- 4) At any time within any period of two years after a tender offer, merger, combination, consolidation, recapitalization, or other reorganization or a contested election, or any combination of these events, the "Incumbent Directors" shall cease to constitute at least a majority of the authorized number of members of the Board. For purposes hereof, "Incumbent Directors" shall mean the persons who were members of the Board immediately before the first of these events and the persons who were elected or nominated as their successors or pursuant to increases in the size of the Board by a vote of at least three-fourths of the Board members who were then Board members (or successors or additional members so elected or nominated).
- 5) The stockholders of the Corporation approve a plan of liquidation and dissolution or the sale or transfer of substantially all of the

Corporation's business and/or assets as an entirety to an entity that is not a Subsidiary.

Code means the Internal Revenue Code of 1986, as amended.

Common Stock or Stock means shares of Common Stock of the Corporation, par value \$1.00 per share, subject to adjustments made under Section 7.1 or by operation of law.

Corporation means Lockheed Martin Corporation, a Maryland corporation, and its successors and assigns.

Director means a member of the Board of Directors of the Corporation who is not an officer or employee of the Corporation or any of its subsidiaries.

Disability means "disabled" within the meaning of Section 409A(a)(2)(C) of the Code.

Dividend Equivalent means the amount of cash dividends or other cash distributions that would have been paid by the Corporation on Stock Units then credited to a Director's Stock Unit Account had those Stock Units been shares of common stock.

Dividend Equivalent Stock Account means the bookkeeping account maintained by the Corporation on behalf of a Director which is credited with Dividend Equivalents in the form of Stock Units in accordance with Section 4.2.

Effective Date means May 1, 1999, or such later date as is specified in an amendment or in the Plan.

Exchange Act means the Securities Exchange Act of 1934, as amended from time to time.

Fair Market Value means, for purposes of determining the exercise price of an Option or in the case of determining a Stock Unit, the closing price of the Stock as reported on the composite tape of the New York Stock Exchange issues on the relevant date, or, if no sale of Stock is reported for that date, the next preceding day for which there is a reported sale. In the case of determining the number of Options issued pursuant to Section 3.1(c), Fair Market Value shall mean the fair market value of an option to buy Stock granted on the relevant day as determined using the Black Scholes option pricing methodology.

Option means a Nonqualified Stock Option to purchase shares of Common Stock with the terms and conditions as described in Article V.

Plan means the Lockheed Martin Corporation Directors Equity Plan.

Retirement means retirement from the Corporation pursuant to Section 2.03 of the Corporation's By-Laws at the expiration of a Director's term.

Stock Unit or *Unit* means a non-voting unit of measurement that is deemed for bookkeeping purposes to be equivalent to an outstanding share of Common Stock of the Corporation.

Stock Unit Account means the bookkeeping account maintained by the Corporation on behalf of each Director which is credited with Stock Units in accordance with Section 4.1.

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

ARTICLE III

PARTICIPATION

3.1. *Award*. On each Award Date during the term of this Plan, each Director shall be granted, in the form elected by the Director pursuant to Section 3.2, one of the following Awards:

(a) Units with a Fair Market Value of \$75,000 (\$90,000 for awards on or after January 1, 2006) credited to the Director's Stock Unit Account;

(b) Units credited to the Director's Stock Unit Account with a Fair Market Value of \$37,500 (\$45,000 for awards on or after January 1, 2006) and Options to purchase shares of Stock with a Fair Market Value of \$37,500 (\$45,000 for awards on or after January 1, 2006); or

(c) Options to purchase shares of Stock with a Fair Market Value of \$75,000 (\$90,000 for awards on or after January 1, 2006).

(d) In the case of any Director who is not serving as a Director on the Award Date but becomes a Director following the immediately succeeding annual meeting of the Corporation, the Award granted to the Director on May 1 will be two-thirds (2/3) of the amount of the form elected by the Director pursuant to Section 3.1(a), (b), or (c). Awards made upon the filling of a vacancy in the Board of Directors at any other time of the year will be similarly prorated to

reflect the portion of the year during which the individual serves as a Director.

(e) In the case of a Director who will be eligible for Retirement on or before the annual meeting following an Award Date, the award to be made to that Director will be one-third (1/3) of the amount of the form elected by the Director pursuant to Section 3.1(a), (b), or (c).

For purposes of this Section 3.1, Fair Market Value shall be determined on the Award Date.

3.2. *Election.* By December 31 of the calendar year prior to each Award Date, a Director must file an election form, as provided by the Corporation, with the Secretary of the Corporation specifying the form of the Award the Director elects to receive pursuant to Section 3.1. A Director's election shall be irrevocable during any calendar year in which it is in effect. A Director's election shall remain in effect and shall be deemed to have been made for a subsequent calendar year unless the Director files a revised election form with the Secretary of the Corporation by December 31 of the preceding calendar year. Notwithstanding the preceding sentences of Section 3.2, in a Director's first year of service on the Board, an election shall be valid if it is filed within 30 days after the Director commenced service as a Director (but in any event prior to the date on which Units are credited). At the time of filing the election form specifying the Award the Director elects to receive pursuant to Section 3.1, the Director shall also specify the manner and form of distribution, pursuant to Section 4.4, for the particular Award to which the election relates. In the absence of an initial election as to the manner and form of distribution, the Director's distribution for an applicable Award shall be a lump sum payment in cash.

ARTICLE IV

STOCK UNITS

4.1. *Stock Unit Account.* If a Director elects the Award described in either Section 3.1(a) or 3.1(b), the Stock Unit Account of such Director shall be credited on the Award Date with either (i) Units determined pursuant to Section 3.1(a) or (ii) Units determined pursuant to Section 3.1(b).

4.2. *Dividend Equivalents; Dividend Equivalent Stock Account.*

(a) *Allocation of Dividend Equivalents.* Each Director shall be entitled to receive Dividend Equivalents on the Units credited to his or her Stock Unit Account and Dividend Equivalent Stock Account, both before and after a termination of service. The Dividend Equivalents shall be credited to the Director's Dividend Equivalent Stock Account in accordance with Section 4.2(b) below.

(b) *Dividend Equivalent Stock Account.* The Director's Dividend Equivalent Stock Account shall be credited with an additional number of Units determined by dividing the amount of Dividend Equivalents by the Fair Market Value of a share of Common Stock as of the date on which the dividend is paid. The Units credited to a Director's Dividend Equivalent Stock Account shall be allocated (for purposes of distribution) in accordance with Section 4.4(b) and shall be subject to adjustment in accordance with Section 7.1.

4.3. *Vesting of Stock Unit Account and Dividend Equivalent Stock Account.* A Director's Units held in his or her Stock Unit Account shall vest on the first anniversary of the Award Date for such Units. A Director's Units held in his or her Dividend Equivalent Stock Account shall vest when the underlying Units in the Stock Unit Account vest. If a Director's service as a Director terminates for any reason, all nonvested Units and related Dividend Equivalents shall be forfeited. Notwithstanding the provisions of this Section 4.3, all nonvested Units and related Dividend Equivalents granted to a Director shall vest upon a Change in Control or in the event of such Director's Retirement, death or Disability.

4.4. *Distribution of Benefits.*

(a) *Commencement of Benefits Distribution.* Subject to the terms of Section 4.3 and this Section 4.4, each Director shall be entitled to receive a distribution of his or her Accounts upon a termination of service (including but not limited to a Retirement or resignation) as a director of the Corporation. Benefits shall be distributed at the time or times set forth in this Section 4.4.

(b) *Manner of Distribution.*

(i) Basic Distributions: The benefits payable under this Section shall be distributed to the Director in a lump sum, unless the Director elects in writing (on forms provided by the Corporation) either at the time of making the initial election or by the time specified in Section 4.4(f) to receive a distribution of benefits in approximately equal annual installments for up to ten years. Elections with respect to any Units in the Stock Unit Account shall apply to all Dividend Equivalent Units attributable to those Stock Units. Installment payments shall commence as of the date the Accounts become distributable under Section 4.4(a). The amount of each installment shall be equal to (i) the Fair Market Value of the Units allocated to Director's Stock Unit Account and Dividend Equivalent Account, on the day immediately preceding the date of payment, divided by (ii) the number of installments yet to be paid.

(ii) Special Distribution Rules: Notwithstanding the foregoing, if the vested balance in a Director's Stock Unit Account and Dividend Equivalent Stock Account at the time of termination has a Fair Market Value equal to or less than \$10,000, then the balance shall be distributed in a lump sum in cash. In no event shall any payment made pursuant to the previous sentence be made after March 15 of the calendar year following the year in which the Director has terminated services as a director of the Corporation. In the event of a Change in Control, either prior to or after the Director has terminated service, or a Director's termination of services as a result of death or Disability, the benefits payable under this Section shall be distributed in a lump sum in cash. A distribution under the preceding sentence in the event of a

“Change in Control” shall be authorized only to the extent the Company determines the resulting distribution is consistent with Code section 409A.

(c) *Form of Distribution.* Stock Units shall be paid and distributed by means of a distribution of (i) an equivalent whole number of shares of Common Stock or (ii) cash in an amount equal to the Fair Market Value of an equivalent number of shares of Common Stock as of the business day immediately preceding the distribution. Any fractional interest in a Unit shall be paid in cash on final distribution. In the event of a termination of service, a Director may elect to have Stock Units credited to the Director’s Stock Unit Account and Dividend Equivalent Stock Account paid and distributed in the form of cash or a combination of whole shares of Common Stock and cash by making a written election (on forms provided by the Corporation) at least six months prior to receipt by a Director of any distribution as to the percentage the Director elects to receive in the form of cash and the percentage the Director elects to receive in whole shares of Common Stock.

(d) *Sub-Accounts.* The Administrator shall retain sub-accounts of a Director’s Accounts as may be necessary to determine which Units are subject to any distribution elections under Sections 3.2 and 4.4(b).

(e) *Limitations of Distributions.* Notwithstanding anything herein to the contrary, no Units may be distributed prior to the six month anniversary of the crediting of such Units to the Director’s Stock Unit Account.

(f) *Timing of Elections.* A Director may change any election as to the manner of distribution and file a new election choosing a lump sum or installment payments with respect to all of the Director’s Accounts or with respect to one or more specific Awards under this Article IV, by executing and delivering to the Company an election (on such form as prescribed by the Company) within the time periods described in Section 4.4(f). An election must be made prior to the Director’s termination of service as a Director and (i) at least twelve (12) months before the date the first payment would be due under the Participant’s previous election, and (ii) the first payment must be delayed by at least sixty (60) months from the date the first payment would be due under the Participant’s previous election. In the event an election fails to satisfy the terms of this Section 4.4(f), such election shall be void and payment of a Director’s Award shall commence under the Director’s previous valid election or, if none exists, shall be made in a lump sum.

4.5. *Limitations on Rights Associated with Units.* A Director’s Accounts shall be memorandum accounts on the books of the Corporation. The Units credited to a Director’s Accounts shall be used solely as a device for the determination of the number of shares of Common Stock to be distributed to such Director in accordance with this Plan. The Units shall not be treated as property or as a trust fund of any kind, and shall not create a security interest in any property although the Corporation shall reserve shares of Common Stock to satisfy its obligations under this Plan. All shares of Common Stock or other amounts attributed to the Units shall be and remain the sole property of the Corporation, and each Director’s rights in the Units is limited to the right to receive shares of Common Stock or cash in the future, in accordance with the Plan. No Director shall be entitled to any voting or other stockholder rights

with respect to Units granted under this Plan. The number of Units credited under this Article shall be subject to adjustment in accordance with Section 7.1.

ARTICLE V

STOCK OPTIONS

All Options granted pursuant to the Plan shall be subject to the following terms and conditions:

5.1. *Exercise Price.* The exercise price of an Option shall be equal to 100% of the Fair Market Value of the Stock on the day of the grant of the Option.

5.2. *Non-transferability of Options.* Options shall not be assignable nor transferable by the Director otherwise than by bequest or by the laws of descent. Options shall be exercisable during the Director's lifetime only by the Director or by his or her guardian or legal representative. The designation of a Beneficiary is not a prohibited transfer.

5.3. *Vesting; Term of Options; Limitations on Exercisability.* Options shall become exercisable on the day following the first anniversary of the date the Options are granted and, subject to Section 5.3, shall expire on the tenth anniversary of the date the Options are granted. Notwithstanding the provisions of this Section 5.3, upon a Change in Control or in the event a Director's service as director terminates by reason of such Director's Retirement, death or Disability, all options shall become exercisable, except that no Option will be exercisable prior to the six month anniversary of the granting of the Options to the Director.

5.4. *Payment of Exercise Price.* The Option's exercise price shall be paid in cash at the time of exercise, except that in lieu of all or part of the cash, the Director may tender Stock to the Corporation having a Fair Market Value equal to the exercise price, (less any cash paid). The Fair Market Value of tendered Stock shall be determined as of the close of the business day immediately preceding the day on which the Options are exercised.

5.5 *Rights as Stockholder.* A Director shall have no rights as a Common Stockholder with respect to any unissued shares of Common Stock covered by an Option until the date the Director exercises the Options and becomes the holder of record of those shares of Common Stock. Except as provided in Section 7.1, no adjustment or other provision shall be made for dividends or other stockholder rights.

ARTICLE VI

ADMINISTRATION

6.1. *Administration.* This Plan shall be self-executing and operated as a formula plan. To the extent necessary for the operation of the Plan, it shall be construed, interpreted and administered by the Board or a committee appointed by the Board to act on its behalf under this Plan. Notwithstanding the foregoing, but subject to Section 7.2 hereof, the Board shall have no

discretionary authority with respect to the amount or price of any Award granted under this Plan and no Director shall participate in any decision relating solely to his or her benefits (other than approval of the Award). Notwithstanding anything contained in the Plan or in any document issued under the Plan, it is intended that the Plan will at all times comply with the requirements of Internal Revenue Code section 409A and any regulations or other guidance issued thereunder, and that the provisions of the Plan will be interpreted to meet such requirements. If any provision of the Plan or any Deferral Agreement is determined not to conform to such requirements, the Plan and/or the Deferral Agreement, as applicable, shall be interpreted to omit such offending provision. Options issued under this Plan are intended to satisfy the regulatory exception from Code section 409A.

6.2. *Decisions Final; Delegation; Reliance; and Limitation on Liability.* Any determination of the Board or committee made in good faith shall be conclusive. In performing its duties, the Board or the committee shall be entitled to rely on public records and on information, opinions, reports or statements prepared or presented by officers or employees of the Corporation or other experts believed to be reliable and competent. The Board or the committee may delegate ministerial, bookkeeping and other non-discretionary functions to individuals who are officers or employees of the Corporation.

Neither the Corporation nor any member of the Board, nor any other person participating in any determination of any question under this Plan, or in the interpretation, administration or application of this Plan, shall have any liability to any party for any action taken or not taken in good faith under this Plan or for the failure of an Award (or action or payment in respect of an Award) to satisfy Code requirements for realization of intended tax consequences, to qualify for exemption or relief under Rule 16b-3, or to comply with any other law, compliance with which is not required by the Corporation.

ARTICLE VII

PLAN CHANGES AND TERMINATION

7.1. *Adjustments upon Changes in Common Stock.* Upon the Corporation's recapitalization, stock split (including a stock split in the form of a stock dividend), reverse stock split, merger, combination, consolidation, or other reorganization or any extraordinary dividend or other extraordinary distribution in respect of the Stock (whether in the form of cash, Stock or other property), or any split-up, spin-off, extraordinary redemption, or exchange of outstanding Stock, or there shall occur any other similar corporate transaction or event in respect of the Stock, or a sale of substantially all the assets of the Corporation as an entirety, the Committee shall make a proportionate and equitable adjustment consistent with the effect of any such event on stockholders generally (but without duplication if Dividend Equivalents are credited) in the maximum number of shares of Common Stock reserved under the Plan, in the number of Units granted under the Plan, and in the number, kind and exercise price of Options granted under the Plan to prevent dilution or enlargement of the rights of Directors under the Plan and outstanding Options.

7.2. *Amendments.* The Board of Directors shall have the right to amend this Plan in whole or in part or to suspend or terminate this Plan, except that no amendment shall be made that would result in the application of penalties under Code section 409A. No amendment, suspension, or termination may cancel or otherwise adversely affect in any way, without written consent, any Director's rights with respect to (i) Stock Units and Dividend Equivalents credited to his or her Stock Unit Account or Dividend Equivalent Stock Account or (ii) Options awarded prior to the effective date of the amendment, suspension or termination.

7.3. *Term.* This Plan shall remain in effect for a period of 10 years from the Effective Date, but continuance of this Plan is not a contractual obligation of the Corporation. In the event that the Board of Directors decides to terminate this Plan, it shall notify the Directors of its action in writing, and this Plan shall be terminated at the time set by the Board of Directors.

7.4. *Distribution of Shares.* If this Plan terminates pursuant to Section 7.2, the distribution of the Accounts of a Director shall be made at the time provided in Section 4.4 and in a manner consistent with the elections made pursuant to Section 4.4 if any.

ARTICLE VIII

MISCELLANEOUS

8.1. *Limitation on Directors' Rights.* Participation in this Plan shall not give any Director the right to continue to serve as a member of the Board or any rights or interests other than as provided in this Plan. No Director shall have any right to any payment or benefit except to the extent provided in this Plan. This Plan shall create only a contractual obligation of the Corporation to provide the benefits described in the Plan and shall not be construed as creating a trust. This Plan has no assets. Directors shall only have rights as general unsecured creditors of the Corporation for any amounts credited or vested and benefits payable under this Plan.

8.2. *Beneficiaries.*

(a) *Beneficiary Designation.* Upon forms provided and in accordance with procedures established by the Corporation, each Director may designate in writing (and change a designation of) the Beneficiary or Beneficiaries (as defined in Section 8.2(b)) that the Director chooses to receive the Common Stock payable under this Plan after his or her death, subject to applicable laws (including any applicable community property and probate laws).

(b) *Definition of Beneficiary.* A Director's "Beneficiary" or "Beneficiaries" shall be the person or persons, including a trust or trusts, validly designated by the Director or, in the absence of a valid designation, entitled by will or the laws of descent and distribution to receive the Director's benefits under this Plan in the event of the Director's death.

8.3. *Corporation's Right to Withhold.* The Corporation shall satisfy state or federal income tax withholding obligations, if any, arising upon distribution of a Director's Account or of shares of Stock upon the exercise of Options by reducing the number of shares of Common Stock otherwise deliverable to the Director by the appropriate number of shares (based on the

Fair Market Value on the day immediately preceding the payment) required to satisfy such tax withholding obligation. If the Corporation, for any reason, cannot satisfy the withholding obligation in accordance with the preceding sentence, the Director shall pay or provide for payment in cash of the amount of any taxes which the Corporation may be required to withhold with respect to the benefits hereunder.

8.4. *Benefits Not Assignable; Obligations Binding Upon Successors.* Benefits of a Director under this Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Plan, or any interest therein, other than pursuant to Section 8.2, shall not be permitted or recognized. Obligations of the Corporation under this Plan shall be binding upon successors of the Corporation.

8.5. *Governing Law; Severability.* The validity of this Plan or any of its provisions shall be construed, administered and governed in all respects under and by the laws of the State of Maryland. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

8.6. *Compliance With Laws.* This Plan and the offer, issuance and delivery of shares of Common Stock and/or the payment and deferral of compensation under this Plan are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal reporting, registration, insider trading and other securities laws) and to such approvals by any listing agency or any regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. Any securities delivered under this Plan shall be subject to such restrictions, and the person acquiring the securities shall, if requested by the Corporation, provide such assurances and representations to the Corporation as the Corporation may deem necessary or desirable to assure compliance with all applicable legal requirements.

8.7. *Plan Construction.* It is the intent of the Corporation that this Plan satisfy and be interpreted in a manner that satisfies the applicable requirements of Rule 16b-3 so that Directors will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 of the Exchange Act and will not be subjected to liability thereunder. Any contrary interpretation shall be avoided.

8.8. *Headings Not Part of Plan.* Headings and subheadings in this Plan are inserted for reference only and are not to be considered in the construction of this Plan.

APPENDIX A
Directors Equity Plan

This Appendix A to the Directors Equity Plan shall govern the portion of a Director's Accounts that was earned and vested prior to January 1, 2005 (and any earnings attributable to that portion). This Appendix A shall not apply to the portion of a Director's Accounts that is earned or becomes vested on or after January 1, 2005 (and any earnings attributable to that portion).

ARTICLE I

TITLE, PURPOSE AND AUTHORIZED SHARES

This Plan shall be known as "Lockheed Martin Corporation Directors Equity Plan" and shall become effective on May 1, 1999. The purpose of this Plan is to attract, motivate and retain experienced and knowledgeable directors for the Corporation and to further align their economic interests with the interests of stockholders generally. The total number of shares of Common Stock that may be delivered pursuant to awards under this Plan is 1,000,000, subject to adjustments contemplated by Section 7.1. Shares of Common Stock subject to an Option terminating or expiring for any reason prior to its exercise, and Units and Dividend Equivalents that are forfeited pursuant to the Plan, shall be available for Awards to be granted during the term of the Plan.

ARTICLE II

DEFINITIONS

The following terms shall have the meaning specified below unless the context clearly indicates otherwise:

Accounts means a Director's Stock Unit Account and Dividend Equivalent Stock Account.

Award means an award granted pursuant to Section 3.1.

Award Date means May 1 of each year, commencing in 1999, 2000 or 2001 (or if May 1 falls on a weekend or holiday, the next following business day) and January 15 of each year, commencing in 2002 and years thereafter (or if January 15 falls on a weekend or holiday, the next following business day).

Beneficiary shall have the meaning specified in Section 8.2(b).

Board of Directors or Board means the Board of Directors of the Corporation.

Change in Control means:

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

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

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

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

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

Code means the Internal Revenue Code of 1986, as amended.

Common Stock or Stock means shares of Common Stock of the Corporation, par value \$1.00 per share, subject to adjustments made under Section 7.1 or by operation of law.

Corporation means Lockheed Martin Corporation, a Maryland corporation, and its successors and assigns.

Director means a member of the Board of Directors of the Corporation who is not an officer or employee of the Corporation or any of its subsidiaries.

Disability means a “permanent and total disability” within the meaning of Section 22(e)(3) of the Code.

Dividend Equivalent means the amount of cash dividends or other cash distributions that would have been paid by the Corporation on Stock Units then credited to a Director’s Stock Unit Account had those Stock Units been shares of common stock.

Dividend Equivalent Stock Account means the bookkeeping account maintained by the Corporation on behalf of a Director which is credited with Dividend Equivalents in the form of Stock Units in accordance with Section 4.2.

Effective Date means May 1, 1999, or such later date as is specified in an amendment or in the Plan.

Exchange Act means the Securities Exchange Act of 1934, as amended from time to time.

Fair Market Value means in the case of a Stock Unit the closing price of the Stock as reported on the composite tape of the New York Stock Exchange issues on the relevant date, or, if no sale of Stock is reported for that date, the next preceding day for which there is a reported sale and in the case of an Option shall mean the fair market value of an option to buy Stock granted on the relevant day as determined using the Black Scholes option pricing methodology.

Option means a Nonqualified Stock Option to purchase shares of Common Stock with the terms and conditions as described in Article V.

Plan means the Lockheed Martin Corporation Directors Equity Plan.

Retirement means retirement from the Corporation pursuant to Section 2.03 of the Corporation’s By-Laws at the expiration of a Director’s term.

Stock Unit or Unit means a non-voting unit of measurement that is deemed for bookkeeping purposes to be equivalent to an outstanding share of Common Stock of the Corporation.

Stock Unit Account means the bookkeeping account maintained by the Corporation on behalf of each Director which is credited with Stock Units in accordance with Section 4.1.

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

ARTICLE III
PARTICIPATION

3.1. *Award*. Effective January 15, 2002, and on each Award Date thereafter during the term of this Plan, each Director shall be granted, in the form elected by the Director pursuant to Section 3.2, one of the following Awards:

(a) For Award Dates occurring in 2002 and thereafter during the term of this Plan, Units with a Fair Market Value of \$75,000 credited to the Director's Stock Unit Account;

(b) For Award Dates occurring in 2002 and thereafter during the term of this Plan, Units credited to the Director's Stock Unit Account with a Fair Market Value of \$37,500 and Options to purchase shares of Stock with a Fair Market Value of \$37,500; or

(c) For Award Dates occurring in 2002 and thereafter during the term of this Plan, Options to purchase shares of Stock with a Fair Market Value of \$75,000.

(d) In the case of any Director who is not serving as a Director on the Award Date but becomes a Director following the immediately succeeding annual meeting of the Corporation, the Award granted to the Director on May 1 will be two-thirds (2/3) of the amount of the form elected by the Director pursuant to Section 3.1(a), (b), or (c). Awards made upon the filling of a vacancy in the Board of Directors at any other time of the year will be similarly prorated to reflect the portion of the year during which the individual serves as a Director.

(e) In the case of a Director who will attain age 70 on or before the annual meeting following an Award Date and who will retire from the Board of Directors at that annual meeting, the award to be

made to that Director will be one-third (1/3) of the amount of the form elected by the Director pursuant to Section 3.1(a), (b), or (c).

For purposes of this Section 3.1, Fair Market Value shall be determined on the Award Date.

3.2. *Election.* Prior to the Award Date, a Director must file an election form, as provided by the Corporation, with the Secretary of the Corporation specifying the form of the Award the Director elects to receive pursuant to Section 3.1. A Director's election shall remain in effect for Awards made in each subsequent calendar year, unless the Director files a revised election form or written revocation of the election with the Secretary of the Corporation before January 15 of the following year. A Director's election shall be irrevocable after the Award for a particular year is made. Notwithstanding the preceding sentences of Section 3.2, in a Director's first year of service on the Board, an election shall be valid if it is filed within 30 days after the Director commenced service as a Director (but in any event prior to the date on which the Units are credited).

ARTICLE IV

STOCK UNITS

4.1. *Stock Unit Account.* If a Director elects the Award described in either Section 3.1(a) or 3.1(b), the Stock Unit Account of such Director shall be credited on the Award Date with either (i) Units determined pursuant to Section 3.1(a) or (ii) Units determined pursuant to Section 3.1(b).

4.2. *Dividend Equivalents; Dividend Equivalent Stock Account.*

(a) *Allocation of Dividend Equivalents.* Each Director shall be entitled to receive Dividend Equivalents on the Units credited to his or her Stock Unit Account and Dividend Equivalent Stock Account, both before and after a termination of service. The Dividend Equivalents shall be credited to the Director's Dividend Equivalent Stock Account in accordance with Section 4.2(b) below.

(b) *Dividend Equivalent Stock Account.* The Director's Dividend Equivalent Stock Account shall be credited with an additional number of Units determined by dividing the amount of Dividend Equivalents by the Fair Market Value of a share of Common Stock as of the date on which the dividend is paid. The Units credited to a Director's Dividend Equivalent Stock Account shall be allocated (for purposes of distribution) in accordance with Section 4.4(b) and shall be subject to adjustment in accordance with Section 7.1.

4.3. *Vesting of Stock Unit Account and Dividend Equivalent Stock Account.* A Director's Units held in his or her Stock Unit Account shall vest on the first anniversary of the Award Date for such Units. A Director's Units held in his or her Dividend Equivalent Stock Account shall vest when the underlying Units in the Stock Unit Account vest. If a Director's

service as a Director terminates for any reason, all nonvested Units and related Dividend Equivalents shall be forfeited. Notwithstanding the provisions of this Section 4.3, all nonvested Units and related Dividend Equivalents granted to a Director shall vest upon a Change in Control or in the event of such Director's Retirement, death or Disability.

4.4. *Distribution of Benefits.*

(a) *Commencement of Benefits Distribution.* Subject to the terms of Section 4.3 and this Section 4.4, each Director shall be entitled to receive a distribution of his or her Accounts upon a termination of service (including but not limited to a retirement or resignation) as a director of the Corporation. Benefits shall be distributed at the time or times set forth in this Section 4.4.

(b) *Manner of Distribution.* The benefits payable under this Section shall be distributed to the Director in a lump sum, unless the Director elects in writing (on forms provided by the Corporation) by the time specified in Section 4.4(f) to receive a distribution of benefits in approximately equal annual installments for up to ten years. Elections with respect to any Units in the Stock Unit Account shall apply to all Dividend Equivalent Units attributable to those Stock Units, and to all Dividend Equivalent Units. Installment payments shall commence as of the date the Accounts become distributable under Section 4.4(a). The amount of each installment shall be equal to (i) the Fair Market Value of the Units allocated to Director's Stock Unit Account and Dividend Equivalent Account, on the day immediately preceding the date of payment, divided by (ii) the number of installments yet to be paid. Notwithstanding the foregoing, if the vested balance remaining in a Director's Stock Unit Account and Dividend Equivalent Stock Account is less than 50 Units, then the remaining balance shall be distributed in a lump sum in the form of cash or Stock, as previously elected by the Director. In the event of a Change in Control or a Director's termination of services as a result of death or Disability, either prior to or after the Director has terminated service, the benefits payable under this Section shall be distributed in a lump sum in cash.

(c) *Form of Distribution.* Stock Units shall be paid and distributed by means of a distribution of (i) an equivalent whole number of shares of Common Stock or (ii) cash in an amount equal to the Fair Market Value of an equivalent number of shares of Common Stock as of the business day immediately preceding the distribution. Any fractional interest in a Unit shall be paid in cash on final distribution. In the event of a termination of service, a Director may elect to have Stock Units credited to the Director's Stock Unit Account and Dividend Equivalent Stock Account paid and distributed in the form of cash or a combination of whole shares of Common Stock and cash by making a written election (on forms provided by the Corporation) at least six months prior to receipt by a Director of any distribution as to the percentage the Director elects to receive in the form of cash and the percentage the Director elects to receive in whole shares of Common Stock.

(d) *Sub-Accounts.* The Administrator shall retain sub-accounts of a Director's Accounts as may be necessary to determine which Units are subject to any distribution elections under Section 4.4(b).

(e) *Limitations of Distributions.* Notwithstanding anything herein to the contrary, no Units may be distributed prior to the six month anniversary of the crediting of such Units to the Director's Stock Unit Account.

(f) *Timing of Elections.* A Director may change any election as to the manner of distribution and file a new election choosing a lump sum or installment payments with respect to all of the Director's Accounts or with respect to one or more specific Awards, by executing and delivering to the Company an election (on such form as prescribed by the Company) within the time periods described in Section 4.4(f). An election must be made prior to the Director's termination of service as a Director and (i) at least six months before the date the first payment would be due and (ii) in a calendar year prior to the calendar year in which the first payment would be due. In the event an election fails to satisfy the terms of this Section 4.4(f), such election shall be void and payment of a Director's Award shall commence under the Director's previous valid election or, if none exists, shall be made in a lump sum.

4.5. *Limitations on Rights Associated with Units.* A Director's Accounts shall be memorandum accounts on the books of the Corporation. The Units credited to a Director's Accounts shall be used solely as a device for the determination of the number of shares of Common Stock to be distributed to such Director in accordance with this Plan. The Units shall not be treated as property or as a trust fund of any kind, and shall not create a security interest in any property although the Corporation shall reserve shares of Common Stock to satisfy its obligations under this Plan. All shares of Common Stock or other amounts attributed to the Units shall be and remain the sole property of the Corporation, and each Director's rights in the Units is limited to the right to receive shares of Common Stock or cash in the future, in accordance with the Plan. No Director shall be entitled to any voting or other stockholder rights with respect to Units granted under this Plan. The number of Units credited under this Article shall be subject to adjustment in accordance with Section 7.1.

ARTICLE V

STOCK OPTIONS

All Options granted pursuant to the Plan shall be subject to the following terms and conditions:

5.1. *Exercise Price.* The exercise price of an Option shall be equal to 100% of the Fair Market Value of the Stock on the day of the grant of the Option.

5.2. *Non-transferability of Options.* Options shall not be assignable nor transferable by the Director otherwise than by bequest or by the laws of descent. Options shall be exercisable during the Director's lifetime only by the Director or by his or her guardian or legal representative. The designation of a Beneficiary is not a prohibited transfer.

5.3. *Vesting; Term of Options; limitations on exercisability.* Options shall become exercisable on the day following the first anniversary of the date the Options are granted and, subject to Section 5.3, shall expire on the tenth anniversary of the date the Options are granted.

Notwithstanding the provisions of this Section 5.3, upon a Change in Control or in the event a Director's service as director terminates by reason of such Director's Retirement, death or Disability, all options shall become exercisable, except that no Option will be exercisable prior to the the six month anniversary of the granting of the Options to the Director.

5.4. *Payment of Exercise Price.* The Option's exercise price shall be paid in cash at the time of exercise, except that in lieu of all or part of the cash, the Director may tender Stock to the Corporation having a Fair Market Value equal to the exercise price, (less any cash paid). The Fair Market Value of tendered Stock shall be determined as of the close of the business day immediately preceding the day on which the Options are exercised.

5.5 *Rights as Stockholder.* A Director shall have no rights as a Common Stockholder with respect to any unissued shares of Common Stock covered by an Option until the date the Director exercises the Options and becomes the holder of record of those shares of Common Stock. Except as provided in Section 7.1, no adjustment or other provision shall be made for dividends or other stockholder rights.

ARTICLE VI

ADMINISTRATION

6.1. *Administration.* This Plan shall be self-executing and operated as a formula plan. To the extent necessary for the operation of the Plan, it shall be construed, interpreted and administered by the Board or a committee appointed by the Board to act on its behalf under this Plan. Notwithstanding the foregoing, but subject to Section 7.2 hereof, the Board shall have no discretionary authority with respect to the amount or price of any Award granted under this Plan and no Director shall participate in any decision relating solely to his or her benefits (other than approval of the Award).

6.2. *Decisions Final; Delegation; Reliance; and Limitation on Liability.* Any determination of the Board or committee made in good faith shall be conclusive. In performing its duties, the Board or the committee shall be entitled to rely on public records and on information, opinions, reports or statements prepared or presented by officers or employees of the Corporation or other experts believed to be reliable and competent. The Board or the committee may delegate ministerial, bookkeeping and other non-discretionary functions to individuals who are officers or employees of the Corporation.

Neither the Corporation nor any member of the Board, nor any other person participating in any determination of any question under this Plan, or in the interpretation, administration or application of this Plan, shall have any liability to any party for any action taken or not taken in good faith under this Plan or for the failure of an Award (or action or payment in respect of an Award) to satisfy Code requirements for realization of intended tax consequences, to qualify for exemption or relief under Rule 16b-3, or to comply with any other law, compliance with which is not required by the Corporation.

ARTICLE VII

PLAN CHANGES AND TERMINATION

7.1. *Adjustments upon Changes in Common Stock.* Upon the Corporation's recapitalization, stock split (including a stock split in the form of a stock dividend), reverse stock split, merger, combination, consolidation, or other reorganization or any extraordinary dividend or other extraordinary distribution in respect of the Stock (whether in the form of cash, Stock or other property), or any split-up, spin-off, extraordinary redemption, or exchange of outstanding Stock, or there shall occur any other similar corporate transaction or event in respect of the Stock, or a sale of substantially all the assets of the Corporation as an entirety, the Committee shall make a proportionate and equitable adjustment consistent with the effect of any such event on stockholders generally (but without duplication if Dividend Equivalents are credited) in the maximum number of shares of Common Stock reserved under the Plan, in the number of Units granted under the Plan, and in the number, kind and exercise price of Options granted under the Plan to prevent dilution or enlargement of the rights of Directors under the Plan and outstanding Options.

7.2. *Amendments.* The Board of Directors shall have the right to amend this Plan in whole or in part or to suspend or terminate this Plan. No amendment, suspension, or termination, however, may cancel or otherwise adversely affect in any way, without written consent, any Director's rights with respect to (i) Stock Units and Dividend Equivalents credited to his or her Stock Unit Account or Dividend Equivalent Stock Account or (ii) Options awarded prior to the effective date of the amendment, suspension or termination.

7.3. *Term.* This Plan shall remain in effect for a period of 10 years from the Effective Date, but continuance of this Plan is not a contractual obligation of the Corporation. In the event that the Board of Directors decides to terminate this Plan, it shall notify the Directors of its action in writing, and this Plan shall be terminated at the time set by the Board of Directors.

7.4. *Distribution of Shares.* If this Plan terminates pursuant to Section 7.2, the distribution of the Accounts of a Director shall be made at the time provided in Section 4.4 and in a manner consistent with the elections made pursuant to Section 4.4 if any.

ARTICLE VIII

MISCELLANEOUS

8.1. *Limitation on Directors' Rights.* Participation in this Plan shall not give any Director the right to continue to serve as a member of the Board or any rights or interests other than as provided in this Plan. No Director shall have any right to any payment or benefit except to the extent provided in this Plan. This Plan shall create only a contractual obligation of the Corporation to provide the benefits described in the Plan and shall not be construed as creating a trust. This Plan has no assets. Directors shall only have rights as general unsecured creditors of the Corporation for any amounts credited or vested and benefits payable under this Plan.

8.2. Beneficiaries.

(a) *Beneficiary Designation.* Upon forms provided and in accordance with procedures established by the Corporation, each Director may designate in writing (and change a designation of) the Beneficiary or Beneficiaries (as defined in Section 8.2(b)) that the Director chooses to receive the Common Stock payable under this Plan after his or her death, subject to applicable laws (including any applicable community property and probate laws).

(b) *Definition of Beneficiary.* A Director's "Beneficiary" or "Beneficiaries" shall be the person or persons, including a trust or trusts, validly designated by the Director or, in the absence of a valid designation, entitled by will or the laws of descent and distribution to receive the Director's benefits under this Plan in the event of the Director's death.

8.3. *Corporation's Right to Withhold.* The Corporation shall satisfy state or federal income tax withholding obligations, if any, arising upon distribution of a Director's Account or of shares of Stock upon the exercise of Options by reducing the number of shares of Common Stock otherwise deliverable to the Director by the appropriate number of shares (based on the Fair Market Value on the day immediately preceding the payment) required to satisfy such tax withholding obligation. If the Corporation, for any reason, cannot satisfy the withholding obligation in accordance with the preceding sentence, the Director shall pay or provide for payment in cash of the amount of any taxes which the Corporation may be required to withhold with respect to the benefits hereunder.

8.4. *Benefits Not Assignable; Obligations Binding Upon Successors.* Benefits of a Director under this Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Plan, or any interest therein, other than pursuant to Section 8.2, shall not be permitted or recognized. Obligations of the Corporation under this Plan shall be binding upon successors of the Corporation.

8.5. *Governing Law; Severability.* The validity of this Plan or any of its provisions shall be construed, administered and governed in all respects under and by the laws of the State of Maryland. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

8.6. *Compliance With Laws.* This Plan and the offer, issuance and delivery of shares of Common Stock and/or the payment and deferral of compensation under this Plan are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal reporting, registration, insider trading and other securities laws) and to such approvals by any listing agency or any regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. Any securities delivered under this Plan shall be subject to such restrictions, and the person acquiring the securities shall, if requested by the Corporation, provide such assurances and representations to the Corporation as the Corporation may deem necessary or desirable to assure compliance with all applicable legal requirements.

8.7. *Plan Construction.* It is the intent of the Corporation that this Plan satisfy and be interpreted in a manner that satisfies the applicable requirements of Rule 16b-3 so that Directors will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 of the Exchange Act and will not be subjected to liability thereunder. Any contrary interpretation shall be avoided.

8.8. *Headings Not Part of Plan.* Headings and subheadings in this Plan are inserted for reference only and are not to be considered in the construction of this Plan.

LOCKHEED MARTIN CORPORATION
DIRECTORS DEFERRED COMPENSATION PLAN

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LOCKHEED MARTIN CORPORATION
DIRECTORS DEFERRED COMPENSATION PLAN

(As Amended and Restated Effective January 1, 2005)

ARTICLE I

PURPOSE

The purpose of this Plan is to give each non-employee Director of Lockheed Martin Corporation the opportunity to be compensated for his or her service as a Director on a deferred basis. The Plan is also intended to establish a method of paying Director's compensation which will aid the Corporation in attracting and retaining as members of the Board persons whose abilities, experience and judgment can contribute to the success of the Corporation. In addition, by providing Directors with the option of accruing earnings based on the performance of Lockheed Martin Common Stock, the Plan is intended to more closely align the economic interests of Directors with the interests of stockholders generally.

The Plan is amended and restated, effective January 1, 2005, in order to comply with the requirements of Internal Revenue Code section 409A. This amendment and restatement of the Plan shall apply only to the portion of a Participant's Account Balance that is earned or becomes vested on or after January 1, 2005 (and any earnings attributable to that portion). The portion of a Participant's Account Balance that was earned and vested prior to January 1, 2005 (and any earnings attributable to that portion) shall be governed by the terms of the Plan in effect on December 31, 2004, which is attached hereto as Appendix A.

ARTICLE II

DEFINITIONS

Whenever the following terms are used in this Plan, they shall have the meaning specified below, unless the context clearly indicates to the contrary:

Account means the bookkeeping account maintained by the Corporation on behalf of a participating Director which is credited with the Director's Deferred Compensation, including investment earnings credited under Section 4.2.

Beneficiary shall have the meaning specified in Section 7.2(b).

Board of Directors or *Board* means the Board of Directors of the Corporation.

Committee means the Committee appointed to administer this Plan, as provided in Section 6.1 hereof.

Corporation means Lockheed Martin Corporation, a Maryland corporation and its successors.

Deferred Compensation means Director's Fees deferred pursuant to this Plan and investment earnings credited thereto under Section 4.2.

Director means a member of the Board of Directors of the Corporation who is eligible to receive compensation in the form of Director's Fees and who is not an officer or employee of the Corporation or any of its subsidiaries.

Director's Fees means the cash fees payable to a Director for services as a Director and for services on any Committee of the Board, including the amount of any retainer paid to a non-employee for services as Chairman of the Board.

Effective Date means the effective date referred to in Section 7.8.

Election Form means the form by which a Director elects to participate in this Plan.

Plan means the Lockheed Martin Corporation Directors Deferred Compensation Plan.

ARTICLE III

PARTICIPATION

3.1 *Timing of Deferral Elections.* In order to defer Director's fees earned in any calendar year, a Director must make a deferral election by executing and filing an Election Form by December 31 of the year prior to the year in which the fees will be earned. In the case of a new Director, an election to defer Director's fees must be filed within 30 days after the commencement of the Director's term of office and shall apply only to fees for services after the date of such election. The deferral election shall specify the manner in which earnings (or losses) on the deferred amount shall accrue in accordance with Section 4.2 below. To the extent that a Director elects that any portion of a deferred amount shall accrue earnings based on the Lockheed Martin Common Stock Investment Option, such an election shall be given effect only if (i) the election is irrevocably made at least six (6) months prior to the effective date of the allocation or (ii) the crediting of the deferred amount to the Lockheed Martin Common Stock Investment Option has been approved by the Board of Directors (or a committee thereof that is comprised of persons specified in Section 6.1). To the extent that a Director makes an election to have Deferred Compensation credited to the Lockheed Martin Common Stock Investment Option which is not in compliance with (i) or (ii) above, the amount elected to be deferred into the Lockheed Martin Common Stock Investment Option shall initially be allocated to the Interest Option until such time as the allocation to the Lockheed Martin Common Stock Investment Option would be in compliance with (i) or (ii) above, at which time the deferred amount shall automatically be reallocated.

3.2 *Terms of Deferral Elections.* A Director's deferral election for a calendar year shall specify the percentage (which may equal 100%) of the Director's Fees to be earned by the Director for that year which are to be deferred under this Plan and with respect to fees deferred pursuant to that election the interest crediting method selected by the Director in accordance with Article IV and the manner of distribution in accordance with Section 5.1(a). A Director's deferral election shall be irrevocable during any calendar year in which it is in effect. A Director's election shall remain in effect and shall be deemed to have been made for a subsequent calendar year unless the Director files a revised election form by December 31 of the year preceding the year in which the applicable Director's Fees will be earned. If a Director files a change of election in accordance with Section 5.1(c), the manner of distribution elected under that Section will apply only to the Deferred Compensation for the calendar years listed on the Election Form.

ARTICLE IV

CREDITING OF ACCOUNTS

4.1 *Crediting of Director's Fees.* Director's Fees that a Director has elected to defer shall be credited to the Director's Account as of the first day of the month in which the Director's Fees would have been payable to the Director if no deferral election had been made under this Plan. The elected deferral percentage shall apply to all Director's Fees earned by the Director during a calendar year.

4.2 *Crediting of Investment Earnings.* Subject to the provisions of Section 3.1 above, as of the last day of each month, a Director's Account shall be credited to reflect investment earnings (or loss) for the month, based on the Director's investment selections under this Section 4.2. A Director may elect to have his or her Account credited with investment earnings (or losses) for each month as if the Director's Account balance had been invested in the following:

(a) *Interest Option.* Interest at a rate equal to one twelfth (1/12) of the annual prime rate as set by Citibank, N.A., New York, New York, on the last day of the preceding month.

(b) *S&P 500 Option.* A return (or loss) equal to that of the published index for the Standard & Poor's 500 (with dividends) for the month will accrue.

(c) *Lockheed Martin Common Stock Investment Option.* Earnings (or losses) shall be credited as if such amount had been invested in Lockheed Martin Common Stock at the published closing price of the Corporation's Common Stock on the New York Stock Exchange on the last trading day preceding the day as to which such amount is deferred (or reallocated) into the Lockheed Martin Common Stock Investment Option; this portion of a Director's Account shall reflect any subsequent appreciation or depreciation in the market value of Lockheed Martin Common Stock based on the published closing price of the stock on the New York Stock Exchange on the last trading day of each month and shall reflect dividends on the stock as if such dividends were reinvested in shares of Lockheed Martin Common Stock.

(d) A combination of (a), (b) and (c).

A Director's initial investment selections must be made by the date that the Director's initial deferral election takes effect. A Director may change his or her investment selections with respect to all amounts credited to the Director's Account, including amounts deferred in prior periods, provided that any such change that would result in an increase or decrease in the portion of the Director's Account allocated to the Lockheed Martin Common Stock Investment Option shall only be effective if it is made pursuant to an irrevocable written election made at least six months following the date of the Director's most recent "opposite way" election with respect to either the Plan or any other plan maintained by Lockheed Martin that provides for Discretionary Transactions (as defined in Rule 16b-3). Subject to the foregoing, a change of investment selections must be made by filing a revised Election Form in advance of the month in which the change is to take effect.

4.3 *Account Balance as Measure of Deferred Compensation.* The Deferred Compensation payable to a Director (or the Director's Beneficiary) shall be measured by, and shall in no event exceed, the sum of the amounts credited to the Director's Account.

ARTICLE V

PAYMENT OF DEFERRED COMPENSATION

5.1 *Manner of Distribution.*

(a) *Rules for Initial Elections and subsequent changes in Elections.*

(i) Election for Commencement of Payment. At the time a Director completes an Election Form or files a change of election form, he or she shall elect from among the following options governing the date on which the payment of benefits shall commence:

- (A) Payment to begin on or about the January 15th or July 15th next following the date of the termination of a Director's status as a Director for any reason.
- (B) Payment to begin on or about January 15th of the year next following the year in which the Director's status as a Director termination for any reason.
- (C) Payment to begin on or about the January 15th next following the date on which the Director has both terminated Director status for any reason and attained the age designated by the Director in the Election Form.

(ii) Election for Form of Payment. At the time a Director completes an Election Form or files a change of election form, he or she shall elect the form of payment of his or her Deferred Compensation from among the following options:

- (A) A lump sum.
- (B) Annual payments for a period of years designated by the Director which shall not exceed fifteen (15). The amount of each annual payment shall be determined by dividing the Director's Account at the end of the month prior to such payment by the number of years remaining in the elected installment period.

(b) *Cash-out of Small Benefits*. Notwithstanding the above, if the Account Balance of a Director who is entitled to begin payment equals \$10,000 or less, the Director's Account Balance shall be paid in a single lump sum payment as soon as administratively practicable in full discharge of all liabilities with respect to such benefits. In no event shall a distribution in accordance with the previous sentence be made after March 15th of the calendar year following the year in which the termination of the Director's status as a Director occurs.

(c) *Subsequent Change of Elections*. A Director may change any election as to the manner of distribution and file a new election choosing a lump sum or installment payments with respect to the payment of the Director's entire Account, or with respect to fees deferred for specific calendar years, by executing an election (on a form prescribed by the Company) within the time periods described in this Section 5.1(c). Any election under this Section 5.1(c) shall specify a time on which commencement of distribution will begin and the number of installments to be paid if any, under the options specified in Section 5.1(c). An election must be made prior to the Director's termination of service as a director. To constitute a valid election by a Director making a prospective change to a previous election, (i) the prospective election must be executed and delivered to the Company at least twelve (12) months before the date the first payment would be due under the Director's previous election, and (ii) the first payment must be delayed by at least sixty (60) months from the date the first payment would be due under the Director's previous election. In the event an election fails to satisfy the terms of this Section 5.1(c), such election shall be void and payment shall commence under the Director's previous valid election or, if none exists, shall be paid in a lump sum.

5.2 *Commencement of Payments*. Subject to the provisions of Section 5.5 and except as provided in Sections 5.1(b) and 5.4, the payment of Deferred Compensation to a Director shall be made following a Director's termination as a Director in accordance with his or her deferral elections regardless of, whether the Director's termination is due to resignation, retirement, disability, death, or otherwise. Installment payments shall continue to be made in January of each succeeding year until all installments have been paid.

5.3 *Death Benefits*. Subject to the provisions of Section 5.5, in the event that a Director dies before payment of the Director's Deferred Compensation has commenced or been completed, the balance of the Director's Account shall be distributed to the Director's Beneficiary

commencing in the January following the date of the Director's death in accordance with the manner of distribution (lump sum or annual installments as well as timing of commencement of distributions) elected by the Director for payments during the Director's lifetime.

5.4 *Emergency Withdrawals*. In the event of an unforeseen financial emergency prior to the commencement of distributions or after the commencement of installment payments, the Committee may approve a distribution to a Director (or Beneficiary after the death of a Director) of the part of the Director's Account Balance an amount which does not exceed the amount necessary to satisfy such emergency plus the amount necessary to pay taxes reasonably anticipated as a result of the distribution. This emergency distribution amount must take into consideration any amounts by which the hardship is or may be relieved through reimbursement or compensation by insurance or by liquidation of the Director's (or Beneficiary's after the death of the Director) assets to the extent such liquidation would not cause a severe financial hardship. An emergency withdrawal will be approved only in a circumstance of severe financial hardship to the Director (or Beneficiary, as applicable) resulting from a sudden and unexpected illness or accident of the Director (or Beneficiary, as applicable) or of a dependant of the Director (or Beneficiary, as applicable), loss of property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Director (or Beneficiary, as applicable). The investment earnings shall be determined as if the withdrawal had been debited from the Director's Account in the first day of the month in which the withdrawal occurs.

5.5 *Corporation's Right to Withhold*. There shall be deducted from all payments under this Plan the amount of taxes, if any, required to be withheld under applicable federal or state tax laws. The Directors and their Beneficiaries will be liable for payment of any and all income or other taxes imposed on Deferred Compensation payable under this Plan.

5.6 *Section 16 Limitations on Distributions*. Notwithstanding anything contained herein to the contrary, no distribution of any portion of a Director's Account credited to the Lockheed Martin Common Stock Investment Option shall be made unless (i) the Board of Directors or Committee has approved the distribution or (ii) at least six months have passed from the date the Director's service on the Board has terminated.

ARTICLE VI

ADMINISTRATION, AMENDMENT AND TERMINATION

6.1 *Administration by Committee*. This Plan shall be administered by a Committee consisting of exclusively "non-employee directors" as that term is defined in Rule 16b-3 ("Rule 16b-3") promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"). The Committee shall act by vote of a majority or by unanimous written consent of its members. The Committee's resolution of any question regarding the interpretation of this Plan shall be subject to review by the Board, and the Board's determination shall be final and binding on all parties. Notwithstanding anything contained in the Plan or in any document issued under the Plan, it is intended that the Plan will at

all times comply with the requirements of Internal Revenue Code section 409A and any regulations or other guidance issued thereunder, and that the provisions of the Plan will be interpreted to meet such requirements. If any provision of the Plan or any Deferral Agreement is determined not to conform to such requirements, the Plan and/or the Deferral Agreement, as applicable, shall be interpreted to omit such offending provision.

6.2 *Amendment and Termination.* This Plan may be amended, modified, or terminated by the Board at any time, except that no such action shall (without the consent of affected Directors or, if appropriate, their Beneficiaries or personal representatives) adversely affect the rights of Directors or Beneficiaries with respect to compensation earned and deferred under this Plan prior to the date of such amendment, modification, or termination, or result in the application of penalties under Code section 409A.

ARTICLE VII

MISCELLANEOUS

7.1 *Limitation on Directors' Rights.* Participation in this Plan shall not give any Director the right to continue to serve as a member of the Board or any rights or interests other than as herein provided. No Director shall have any right to any payment or benefit hereunder except to the extent provided in this Plan. This Plan shall create only a contractual obligation on the part of the Corporation as to such amounts and shall not be construed as creating a trust. The Plan, in and of itself, has no assets. Directors shall have only the rights of general unsecured creditors of the Corporation with respect to amounts credited to or payable from their Accounts.

7.2 *Beneficiaries.*

(a) *Beneficiary Designation.* Subject to applicable laws (including any applicable community property and probate laws), each Director may designate in writing the Beneficiary that the Director chooses to receive any payments that become payable after the Director's death, as provided in Section 5.3. A Director's Beneficiary designation shall be made on forms provided and in accordance with procedures established by the Corporation and may be changed by the Director at any time before the Director's death.

(b) *Definition of Beneficiary.* A Director's "Beneficiary" or "Beneficiaries" shall be the person or persons, including a trust or trusts, validly designated by the Director or, in the absence of a valid designation, entitled by will or the laws of descent and distribution to receive the amounts otherwise payable to the Director under this Plan in the event of the Director's death.

7.3 *Rights Not Assignable; Obligations Binding Upon Successors.* A Director's rights under this Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Plan, or any interest thereon, other than pursuant to Section 6.2, shall not be permitted or recognized.

Obligations of the Corporation under this Plan shall be binding upon successors of the Corporation.

7.4 *Governing Law; Severability.* The validity of this Plan or any of its provisions shall be construed, administered, and governed in all respects under and by the laws of the State of Maryland. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

7.5 *Annual Statements.* The Corporation shall prepare and send a statement to the Director (or to the Director's Beneficiary after the Director's death) showing the balance credited to the Director's Account as of December 31 of each year for which an Account is maintained with respect to the Director.

7.6 *Headings Not Part of Plan.* Headings and subheadings in this Plan are inserted for reference only and are not to be considered in the construction of this Plan.

7.7 *Consent to Plan Terms.* By electing to participate in this Plan, a Director shall be deemed conclusively to have accepted and consented to all of the terms of this Plan and to all actions and decisions of the Corporation, Board, or Committee with regard to the Plan. Such terms and consent shall also apply to and be binding upon each Director's Beneficiary or Beneficiaries, personal representatives, and other successors in interest.

7.8 *Effective Date.* This Plan shall become effective on January 1, 2005.

7.9 *Plan Construction.* It is the intent of the Corporation that this Plan satisfy and be interpreted in a manner that satisfies the applicable requirements of Rule 16b-3 so that Directors will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 of the Exchange Act and will not be subjected to avoidable liability thereunder. Any contrary interpretation shall be avoided.

APPENDIX A
Directors Deferred Compensation Plan

This Appendix A to the Directors Equity Plan shall govern the portion of a Director's Accounts that was earned and vested prior to January 1, 2005 (and any earnings attributable to that portion). This Appendix A shall not apply to the portion of a Director's Accounts that is earned or becomes vested on or after January 1, 2005 (and any earnings attributable to that portion).

ARTICLE I

PURPOSE

The purpose of this Plan is to give each non-employee Director of Lockheed Martin Corporation the opportunity to be compensated for his or her service as a Director on a deferred basis. The Plan is also intended to establish a method of paying Director's compensation which will aid the Corporation in attracting and retaining as members of the Board persons whose abilities, experience and judgment can contribute to the success of the Corporation. In addition, by providing Directors with the option of accruing earnings based on the performance of Lockheed Martin Common Stock, the Plan is intended to more closely align the economic interests of Directors with the interests of stockholders generally.

ARTICLE II

DEFINITIONS

Whenever the following terms are used in this Plan, they shall have the meaning specified below, unless the context clearly indicates to the contrary:

Account means the bookkeeping account maintained by the Corporation on behalf of a participating Director which is credited with the Director's Deferred Compensation, including investment earnings credited under Section 4.2.

Beneficiary shall have the meaning specified in Section 8.2(b).

Board of Directors or *Board* means the Board of Directors of the Corporation.

Committee means the Committee appointed to administer this Plan, as provided in Section 7.1 hereof.

Corporation means Lockheed Martin Corporation, a Maryland corporation and its successors.

Deferred Compensation means Director's Fees deferred pursuant to this Plan and investment earnings credited thereto under Section 4.2. Deferred Compensation also includes the

Lump Sum Retirement Benefit deferred pursuant to this Plan and investment earnings credited thereto under Section 4.2.

Election Form means the form by which a Director elects to participate in this Plan.

Director means, except as provided in Section 5.5, a member of the Board of Directors of the Corporation who is eligible to receive compensation in the form of Director's Fees and who is not an officer or employee of the Corporation or any of its subsidiaries.

Director's Fees means the cash fees payable to a Director for services as a Director and for services on any Committee of the Board, including the amount of any retainer paid to a non-employee for services as Chairman of the Board.

Effective Date means the effective date referred to in Section 8.8.

Lump Sum Death Benefit means the actuarial value of the \$100,000 death benefit provided to Directors prior to May 1, 1999.

Lump Sum Retirement Benefit means the value of the benefit earned under the Lockheed Martin Corporation Directors Retirement Plan as determined upon termination of that plan effective May 1, 1999.

Plan means the Lockheed Martin Corporation Directors Deferred Compensation Plan.

ARTICLE III

PARTICIPATION

3.1 *Timing of Deferral Elections.* In order to defer Director's fees earned in any calendar year, a Director must make a deferral election by executing and filing an Election Form before the commencement of that calendar year. In the case of a new Director, an election to defer Director's fees must be filed within 30 days after the commencement of the Director's term of office and shall apply only to fees for services after the date of such election. The deferral election shall specify the manner in which earnings (or losses) on the deferred amount shall accrue in accordance with Section 4.2 below. To the extent that a Director elects that any portion of a deferred amount shall accrue earnings based on the Lockheed Martin Common Stock Investment Option, such an election shall be given effect only if (i) the election is irrevocably made at least six (6) months prior to the effective date of the allocation or (ii) the crediting of the deferred amount to the Lockheed Martin Common Stock Investment Option has been approved by the Board of Directors (or a committee thereof that is comprised of persons specified in Section 7.1). To the extent that a Director makes an election to have Deferred Compensation credited to the Lockheed Martin Common Stock Investment Option which is not in compliance with (i) or (ii) above, the amount elected to be deferred into the Lockheed Martin Common Stock Investment Option shall initially be allocated to the Interest Option until such time as the allocation to the Lockheed

Martin Common Stock Investment Option would be in compliance with (i) or (ii) above, at which time the deferred amount shall automatically be reallocated.

3.2 *Terms of Deferral Elections.* A Director's deferral election for a calendar year shall specify the percentage (which may equal 100%) of the Director's Fees to be earned by the Director for that year which are to be deferred under this Plan and with respect to fees deferred pursuant to that election the interest crediting method selected by the Director in accordance with Article IV and the manner of distribution in accordance with Section 5.1(b). A Director's deferral election shall remain in effect for each subsequent calendar year, unless the Director duly files a revised Election Form or written revocation of the election before the beginning of the subsequent calendar year. A Director's deferral election shall be irrevocable during any calendar year in which it is in effect. If a Director files a change of election in accordance with Section 5.1(d), the manner of distribution elected under that Section will remain in effect for deferrals in any subsequent year unless the Director duly files a revised Election Form.

ARTICLE IV

CREDITING OF ACCOUNTS

4.1 *Crediting of Director's Fees.* Director's Fees that a Director has elected to defer shall be credited to the Director's Account as of the first day of the month in which the Director's Fees would have been payable to the Director if no deferral election had been made under this Plan. The elected deferral percentage shall apply to all Director's Fees earned by the Director during a calendar year.

4.2 *Crediting of Investment Earnings.* Subject to the provisions of Section 3.1 above, as of the last day of each month, a Director's Account shall be credited to reflect investment earnings (or loss) for the month, based on the Director's investment selections under this Section 4.2. A Director may elect to have his or her Account credited with investment earnings (or losses) for each month as if the Director's Account balance had been invested in the following:

(a) *Interest Option.* Interest at a rate equal to one twelfth (1/12) of the annual prime rate as set by Citibank, N.A., New York, New York, on the last day of the preceding month.,

(b) *S&P 500 Option.* A return (or loss) equal to that of the published index for the Standard & Poors 500 (with dividends) for the month will accrue.

(c) *Lockheed Martin Common Stock Investment Option.* Earnings (or losses) shall be credited as if such amount had been invested in Lockheed Martin Common Stock at the published closing price of the Corporation's Common Stock on the New York Stock Exchange on the last trading day preceding the day as to which such amount is deferred (or reallocated) into the Lockheed Martin Common Stock Investment Option; this portion of a Director's Account shall reflect any subsequent appreciation or depreciation in the market value of Lockheed Martin Common Stock based on the published closing price of the stock on the New York Stock

Exchange on the last trading day of each month and shall reflect dividends on the stock as if such dividends were reinvested in shares of Lockheed Martin Common Stock.

(d) A combination of (a), (b) and (c).

A Director's initial investment selections must be made by the date that the Director's initial deferral election takes effect. A Director may change his or her investment selections with respect to all amounts credited to the Director's Account, including amounts deferred in prior periods, provided that any such change that would result in an increase or decrease in the portion of the Director's Account allocated to the Lockheed Martin Common Stock Investment Option shall only be effective if it is made pursuant to an irrevocable written election made at least six months following the date of the Director's most recent "opposite way" election with respect to either the Plan or any other plan maintained by Lockheed Martin that provides for Discretionary Transactions (as defined in Rule 16b-3). Subject to the foregoing, a change of investment selections must be made by filing a revised Election Form in advance of the month in which the change is to take effect.

4.3 *Account Balance as Measure of Deferred Compensation.* The Deferred Compensation payable to a Director (or the Director's Beneficiary) shall be measured by, and shall in no event exceed, the sum of the amounts credited to the Director's Account.

ARTICLE V

PAYMENT OF DEFERRED COMPENSATION

5.1 *Manner of Distribution.*

(a) *Amounts deferred prior to October 24, 2003.* Subject to the provisions of Section 5.6 and 5.1(d), with respect to any fees deferred prior to October 24, 2003 a Director's Deferred Compensation shall be paid as a lump sum cash payment equal to the balance credited to the Director's Account on or about January 15th of the calendar year that next follows the date of the termination of the Director's status as a Director., Notwithstanding the foregoing, with respect to any fees deferred prior to October 24, 2003, a Director may elect to have the Director's Deferred Compensation distributed in annual installments commencing on or about January 15th of the calendar year that next follows the date of the termination of the Director's status as a Director and continuing over a maximum period of ten (10) years. The amount of each annual installment shall be determined by dividing the Director's Account balance (or the portion of the Account balance to which the installment election applies) on the December 31 preceding the payment date by the number of years remaining in the elected installment period.

(b) Rules for Deferrals made (or changes in elections filed) on or after October 24, 2003.

(i) Election for Commencement of Payment. At the time a Director completes an Election Form or files a change of election form, he or she shall elect from among the following options governing the date on which the payment of benefits shall commence:

- (A) Payment to begin on or about the January 15th or July 15th next following the date of the termination of a Director's status as a Director for any reason.
- (B) Payment to begin on or about January 15th of the year next following the year in which the Director's status as a Director termination for any reason.
- (C) Payment to begin on or about the January 15th next following the date on which the Director has both terminated Director status for any reason and attained the age designated by the Director in the Election Form.

(ii) Election for Form of Payment. At the time a Director completes an Election Form or files a change of election form, he or she shall elect the form of payment of his or her Deferred Compensation from among the following options:

- (A) A lump sum.
- (B) Annual payments for a period of years designated by the Director which shall not exceed fifteen (15). The amount of each annual payment shall be determined by dividing the Director's Account at the end of the month prior to such payment by the number of years remaining in the elected installment period. The installment period may be shortened, in the sole discretion of the Committee, if the Committee at any time determines that the amount of the annual payments that would be made to the Director during the designated installment period would be too small to justify the maintenance of the Director's Account and the processing of payments.

(c) *Deferral For Directors Fees Earned in 1996*. A Director may elect to have the Director's Deferred Compensation earned during the 1996 calendar year credited and paid as a lump sum under (a) or annual installments under (b) except that payment (or installments, as the case may be) will be made (or commence) on January 1, 1998, or as soon as practicable thereafter regardless of whether the Director has terminated service as a Director.

(d) *Timing and Change of Elections*. A Director may change any election as to the manner of distribution and file a new election choosing a lump sum or installment payments with

respect to the payment of the Director's entire Account, or with respect to fees deferred for specific years or with respect to the specific benefits available under Article VI, by executing an election (on a form prescribed by the Company) within the time periods described in this Section 5.1(d). Any election under this Section 5.1(d) shall specify a time on which commencement of distribution will begin and the number of installments to be paid if any, under the options specified in Section 5.1(b). An election must be made prior to the Director's termination of service as a director. No election will be considered valid to the extent the election would (i) result in a payment being made within six months of the date of the election or (ii) result in a payment in the same calendar year as the election; in the event an election fails to satisfy the provisions set forth in this sentence, the first payment under the election will be delayed until the first January 15 or July 15 that is both (i) at least six months after the date of the election and (ii) in a calendar year after the date of the election. In addition, to constitute a valid election, an election made under this Section 5.1(d) must be made (i) at least six months before the date the first payment would be due under the Director's previous election and (ii) in a different calendar year than the date the first payment would be due under the Director's previous election.

In the event an election fails to satisfy the terms of this Section 5.1(d), such election shall be void and payment shall commence under the Director's previous valid election or, if none exists, shall be paid in a lump sum.

5.2 *Commencement of Payments.* Subject to the provisions of Section 5.6 and except as provided in Sections 5.1(a) and (c) and 5.4, the payment of Deferred Compensation to a Director shall be made following a Director's termination as a Director in accordance with his or her deferral elections regardless of, whether the Director's termination is due to resignation, retirement, disability, death, or otherwise. Installment payments shall continue to be made in January of each succeeding year until all installments have been paid.

5.3 *Death Benefits.* Subject to the provisions of Section 5.6, in the event that a Director dies before payment of the Director's Deferred Compensation has commenced or been completed, the balance of the Director's Account shall be distributed to the Director's Beneficiary commencing in the January following the date of the Director's death in accordance with the manner of distribution (lump sum or annual installments as well as timing of commencement of distributions) elected by the Director for payments during the Director's lifetime. However, upon good cause shown by a Beneficiary or personal representative of the Director, the Committee, in its sole discretion, may reject a Director's installment election and instead cause the Director's death benefits to be paid in a lump sum.

5.4 *Emergency Withdrawals.* In the event of an unforeseeable emergency prior to the commencement of distributions or after the commencement of installment payments, the Committee may approve a distribution to a Director (or Beneficiary after the death of a Director) of the part of the Director's Account balance that is reasonably needed to satisfy the emergency need. An Emergency withdrawal will be approved only in a circumstance of severe financial hardship to the Director (or Beneficiary after the death of the Director) resulting from a sudden and unexpected illness or accident of the Director (or Beneficiary, as applicable) or of a dependent of the Director (or Beneficiary, as applicable), loss of property due to casualty, or

other similar extraordinary or unforeseeable circumstance arising from events beyond the control of the Director (or Beneficiary, as applicable). The investment earnings credited to the Director's Account shall be determined as if the withdrawal had been debited from the Director's Account on the first day of the month in which the withdrawal occurs.

5.5 Status of Certain Directors.

(a) For purposes of Section 5.2, a retired Director who continues to advise the Board of Directors under an Advisory Services Agreement shall be treated as an active Director for the period that he or she continues to serve under such agreement, if the Director so elects on or before April 25, 1996. An election under this Section 5.5 shall not otherwise alter the Director's rights under this plan. Once made, an election under this Section 5.5 shall be irrevocable.

(b) For the purposes of Article VI, a member of the Board of Directors who is not eligible for Director's Fees but who is eligible for a Lump Sum Retirement Benefit shall be eligible to defer such compensation pursuant to this Plan.

5.6 Corporation's Right to Withhold. There shall be deducted from all payments under this Plan the amount of taxes, if any, required to be withheld under applicable federal or state tax laws. The Directors and their Beneficiaries will be liable for payment of any and all income or other taxes imposed on Deferred Compensation payable under this Plan.

5.7 Section 16 Limitations on Distributions. Notwithstanding anything contained herein to the contrary, no distribution of any portion of a Director's Account credited to the Lockheed Martin Common Stock Investment Option shall be made unless (i) the Board of Directors or Committee has approved the distribution or (ii) at least six months have passed from the date the Director's service on the Board has terminated.

ARTICLE VI

**SPECIAL RULES FOR LUMP SUM RETIREMENT BENEFIT
AND LUMP SUM DEATH BENEFIT**

6.1 *Deferral of Lump Sum Benefits.* The Lump Sum Retirement Benefit and the Lump Sum Death Benefit for each Director shall be credited to that Director's Account as of May 1, 1999. Subject to the provisions of Section 3.1 above, the Director's investment selections for deferred Director's Fees shall be the investment selection for a Director's Lump Sum Retirement Benefit and Lump Sum Death Benefit and as of the last day of each month, a Director's Account shall be credited to reflect investment earnings (or loss) for the month, based on the Director's investment selections under Section 4.2.

6.2 *Payment of Lump Sum Benefits.* The Lump Sum Retirement Benefit and the Lump Sum Death Benefit shall be distributed as part of a Director's Deferred Compensation in accordance with Article V. Subject to Section 5.7, a Director may also elect to receive the Lump Sum Death Benefit and the Lump Sum Retirement Benefit in a single lump sum payable on or about May 1, 2000, so long as prior to May 1, 1999, the Director makes an irrevocable written election to receive the lump sum payment. Any lump sum payment made pursuant to this Section 6.2 shall include amounts credited as investment earnings with respect to the Lump Sum Retirement Benefit for the period from May 1, 1999 until April 30, 2000. Notwithstanding anything herein to the contrary, no portion of a Director's Lump Sum Retirement Benefit may be paid prior to May 1, 2000.

ARTICLE VII

ADMINISTRATION, AMENDMENT AND TERMINATION

7.1 *Administration by Committee.* This Plan shall be administered by a Committee consisting of exclusively "non-employee directors" as that term is defined in Rule 16b-3 ("Rule 16b-3") promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"). The Committee shall act by vote of a majority or by unanimous written consent of its members. The Committee's resolution of any question regarding the interpretation of this Plan shall be subject to review by the Board, and the Board's determination shall be final and binding on all parties.

7.2 *Amendment and Termination.* This Plan may be amended, modified, or terminated by the Board at any time, except that no such action shall (without the consent of affected Directors or, if appropriate, their Beneficiaries or personal representatives) adversely affect the rights of Directors or Beneficiaries with respect to compensation earned and deferred under this Plan prior to the date of such amendment, modification, or termination.

ARTICLE VIII

MISCELLANEOUS

8.1 *Limitation on Directors' Rights.* Participation in this Plan shall not give any Director the right to continue to serve as a member of the Board or any rights or interests other than as herein provided. No Director shall have any right to any payment or benefit hereunder except to the extent provided in this Plan. This Plan shall create only a contractual obligation on the part of the Corporation as to such amounts and shall not be construed as creating a trust. The Plan, in and of itself, has no assets. Directors shall have only the rights of general unsecured creditors of the Corporation with respect to amounts credited to or payable from their Accounts.

8.2 *Beneficiaries.*

(a) *Beneficiary Designation.* Subject to applicable laws (including any applicable community property and probate laws), each Director may designate in writing the Beneficiary that the Director chooses to receive any payments that become payable after the Director's death, as provided in Section 5.3. A Director's Beneficiary designation shall be made on forms provided and in accordance with procedures established by the Corporation and may be changed by the Director at any time before the Director's death.

(b) *Definition of Beneficiary.* A Director's "Beneficiary" or "Beneficiaries" shall be the person or persons, including a trust or trusts, validly designated by the Director or, in the absence of a valid designation, entitled by will or the laws of descent and distribution to receive the amounts otherwise payable to the Director under this Plan in the event of the Director's death.

8.3 *Rights Not Assignable; Obligations Binding Upon Successors.* A Director's rights under this Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Plan, or any interest thereon, other than pursuant to Section 7.2, shall not be permitted or recognized. Obligations of the Corporation under this Plan shall be binding upon successors of the Corporation.

8.4 *Governing Law; Severability.* The validity of this Plan or any of its provisions shall be construed, administered, and governed in all respects under and by the laws of the State of Maryland. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

8.5 *Annual Statements.* The Corporation shall prepare and send a statement to the Director (or to the Director's Beneficiary after the Director's death) showing the balance credited to the Director's Account as of December 31 of each year for which an Account is maintained with respect to the Director.

8.6 *Headings Not Part of Plan.* Headings and subheadings in this Plan are inserted for reference only and are not to be considered in the construction of this Plan.

8.7 *Consent to Plan Terms.* By electing to participate in this Plan, a Director shall be deemed conclusively to have accepted and consented to all of the terms of this Plan and to all actions and decisions of the Corporation, Board, or Committee with regard to the Plan. Such terms and consent shall also apply to and be binding upon each Director's Beneficiary or Beneficiaries, personal representatives, and other successors in interest.

8.8 *Effective Date.* This Plan shall become effective on March 15, 1995.

8.9 *Plan Construction.* It is the intent of the Corporation that this Plan satisfy and be interpreted in a manner that satisfies the applicable requirements of Rule 16b-3 so that Directors will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 of the Exchange Act and will not be subjected to avoidable liability thereunder. Any contrary interpretation shall be avoided.

**Information****LOCKHEED MARTIN TO WEBCAST NOVEMBER INVESTOR CONFERENCE**

BETHESDA, MD, Nov. 3, 2005 – Lockheed Martin Corporation [NYSE: LMT] will hold an investor conference in Bethesda, Md. on November 8, 2005, beginning at 8:00 a.m. EST. During the conference, which will be webcast, the Corporation will reaffirm 2005 and 2006 financial projections previously provided in its earnings press release dated October 25, 2005. Copies of those documents are currently available on our website.

Access the webcast and replay at: <http://www.lockheedmartin.com/investor>. An audio replay will be available through Nov. 22, 2005.

Headquartered in Bethesda, Md., Lockheed Martin employs about 135,000 people worldwide and is principally engaged in the research, design, development, manufacture and integration of advanced technology systems, products and services. The corporation reported 2004 sales of \$35.5 billion.

FORWARD-LOOKING STATEMENTS

Statements in this release that are “forward-looking statements” are based on Lockheed Martin’s current expectations and assumptions. Forward-looking statements in this release include reaffirmation of estimates of future sales, earnings and cash flow. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results could differ materially because of factors such as: the availability of government funding for our products and services both domestically and internationally; changes in government and customer priorities and requirements (including changes to respond to Department of Defense reviews, Congressional actions, budgetary constraints, cost-cutting initiatives, terrorist threats and homeland security); the impact of continued military operations in Iraq and Afghanistan and spending for disaster relief on funding for existing defense programs; the award or termination of contracts; return on pension plan assets, interest and discount rates and other changes that may impact pension plan assumptions; difficulties in developing and producing operationally advanced technology systems; the timing and customer acceptance of product deliveries; performance issues with key suppliers, subcontractors and customers; charges from any future impairment reviews that may result in the recognition of losses, and a reduction in the book value of goodwill or other long-term assets; the future impact of legislation or changes in accounting or tax rules, interpretations or pronouncements; the future impact of acquisitions or divestitures, joint ventures or teaming arrangements; the outcome of legal proceedings and other contingencies (including lawsuits, government investigations or audits, and environmental remediation efforts); the competitive environment for the Corporation’s products and services; and economic, business and political conditions domestically and internationally.

These are only some of the factors that may affect the forward-looking statements contained in this press release. For further information regarding risks and uncertainties associated with

Lockheed Martin's business, please refer to the Corporation's SEC filings, including the "Management's Discussion and Analysis of Results of Operations and Financial Condition," "Risk Factors and Forward-Looking Statements" and "Legal Proceedings" sections of the Corporation's 2004 annual report on Form 10-K and the Corporation's 2005 first and second quarter Form 10-Q's, copies of which may be obtained at the Corporation's website: <http://www.lockheedmartin.com>.

It is the Corporation's policy to only update or reconfirm its earnings, sales and cash outlook by issuing a press release. The Corporation generally plans to provide a forward-looking outlook as part of its quarterly earnings release but reserves the right to provide outlook at different intervals or to revise its practice in future periods. All information in this release is as of November 3, 2005. Lockheed Martin undertakes no duty to update any forward-looking statement to reflect subsequent events, actual results or changes in the Corporation's expectations. We also disclaim any duty to comment upon or correct information that may be contained in reports published by investment analysts or others.

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