



Corporate Headquarters
Corporate Policy Statement CPS-745
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Related Person Transactions

Identifying Related Persons | Related Person Master List | Approval Procedure | Ratification Procedure | Review of Ongoing Transactions | Failure to Approve or Ratify | Charitable Contributions | Hiring Immediate Family Members | Disclosure | General Applicability Statement

1.0 Policy

1.1 It is Lockheed Martin policy that all Related Person Transactions will be reviewed by the Board of Directors, acting through the Nominating and Corporate Governance Committee (the “Committee”). The Committee may approve or ratify Related Person Transactions in its discretion if deemed fair and reasonable to the Corporation. This may include situations where Lockheed Martin (i) provides products or services to Related Persons on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally, or (ii) obtains products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources.

1.2 Because it may not be possible or practical to preapprove all Related Person Transactions, the Committee may ratify Transactions after they commence or preapprove categories of Transactions or relationships.

2.0 Basis for Policy

The Securities and Exchange Commission (SEC) has adopted rules requiring public companies to disclose whether they have a policy and procedures for the review and approval or ratification of Related Person Transactions. Lockheed Martin also recognizes that it is appropriate, as a matter of good corporate governance and consistent with the best interests of its stockholders, to establish a policy and procedures to ensure the review and approval or ratification of Related Person Transactions.

3.0 Definitions

Director – A director of Lockheed Martin Corporation.

Executive Officer – A person designated by the Board of Directors as an Executive Officer of Lockheed Martin Corporation.

Immediate Family Member – A child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the Director, Executive Officer, nominee, or more than 5% beneficial owner; and any person (other than a tenant or employee) sharing the household of the Director, Executive Officer, nominee, or more than 5% beneficial owner.

Material Interest – Material Interest is not defined under SEC rules and depends on the individual facts and circumstances of the Transaction or arrangement. Since potentially difficult or complex materiality determinations may arise, this policy requires that all direct or indirect interests of Directors and Executive Officers in Related Person Transactions be reported to the corporate VP Corporate Secretary & Associate General Counsel and evaluated by the corporate VP Ethics & Business Conduct, in consultation with the Legal department. The question of whether a Transaction or arrangement amounts to a Material Interest will be determined by the VP Ethics & Business Conduct or the Committee. Directors and Executive Officers must not make their own materiality judgments about Transactions.

Related Person – Means (i) a person who is, or at any time since the beginning of the Corporation's last fiscal year was, a Director or Executive Officer or a nominee to become a Director, (ii) a person who is known to be the beneficial owner of more than 5% of any class of the Corporation's voting securities, (iii) an Immediate Family Member of any person described above, and (iv) a firm, corporation, or other entity in which any person described above is employed or is a partner or principal or in a similar position, or in which the person has a 10% or greater beneficial ownership interest.

Related Person Transaction – A Transaction in which Lockheed Martin or any of its subsidiaries was, is, or will be a participant, where the amount involved exceeds \$120,000 and in which a Related Person had, has, or will have a direct or indirect Material Interest as determined by the Committee.

Transaction – Any financial transaction, arrangement, or relationship or any series of similar transactions, arrangements, or relationships. The term also includes indebtedness and guarantees of indebtedness and transactions involving employment, consulting, or similar relationships.

4.0 Exceptions

The following types of Transactions are deemed not to create or involve a Material Interest on the part of the Related Person and will not be reviewed, nor will they require approval or ratification, under this policy:

- Transactions involving the purchase or sale of products or services in the ordinary course of business, not exceeding \$120,000.

- Transactions in which the Related Person's interest derives solely from his or her service as a director of another corporation or organization that is a party to the Transaction.
- Transactions in which the Related Person's interest derives solely from his or her ownership of less than 10% of the equity interest in another person (other than a general partnership interest) who is a party to the Transaction.
- Transactions in which the Related Person's interest derives solely from his or her ownership of a class of equity securities of the Corporation and all holders of that class of equity securities received the same benefit on a pro rata basis.
- Compensation arrangements of any Executive Officer, other than an individual who is an Immediate Family Member of a Related Person, that have been approved by the Management Development and Compensation Committee of the Board of Directors.
- Director compensation arrangements that have been approved by the Board of Directors.
- Transactions involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

5.0 Identifying Related Persons

5.1 Annually, each Director and Executive Officer will complete a questionnaire for the VP Corporate Secretary & Associate General Counsel designed to capture information needed to identify Related Persons.

5.2 A person who is nominated or proposed for election as a Director or Executive Officer will complete a questionnaire for the VP Corporate Secretary & Associate General Counsel as soon as practical prior to his or her nomination as a Director or election as an Executive Officer.

5.3 Directors and Executive Officers must notify the VP Corporate Secretary & Associate General Counsel of any updates to the list of Related Persons, their employment, and relationships with charitable organizations. This includes new business affiliations and changes to immediate family relationships (such as those resulting from marriage).

6.0 Related Person Master List

The VP Ethics & Business Conduct will compile a master list of Related Persons based on the information provided by the Directors, Executive Officers, nominees, and 5% stockholders and update the master list each quarter (working with the corporate Legal department). The VP Ethics & Business Conduct will distribute the master list of Related Persons and quarterly updates as follows:

- the complete master list to the corporate VP & Controller and the business area and corporate functions responsible for purchasing goods or services for Lockheed Martin or selling its goods or services;

- the part of the master list containing the names of Immediate Family Members of Directors, Executive Officers, and nominees to the VP Human Resources for each business area and corporate function; and
- the part of the master list containing the names of charitable and non-profit organizations to the corporate SVP Corporate Communications, who administers Lockheed Martin’s charitable contributions.

7.0 Approval Procedure

A Related Person Transaction that is identified in advance may be entered into or continued only if the following steps are taken:

| Step | Action | Responsible |
|------|--|--|
| 1. | <p>Before entering into the Related Person Transaction, notify the VP Ethics & Business Conduct and provide this information:</p> <ul style="list-style-type: none"> • the Related Person's relationship to Lockheed Martin and interest in the Transaction; • the approximate dollar value of the amount involved in the Transaction (which must be computed without regard to the amount of profit or loss); • the material terms of the proposed Transaction; • the benefit to the Corporation of the proposed Transaction; • an assessment of whether the proposed Transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally; and • any other information regarding the proposed Transaction or the Related Person in the context of the Transaction that could be material to investors. | <p>Related Person; or Director, Executive Officer, nominee, or beneficial owner who is an Immediate Family Member; or the business area or corporate function responsible for the proposed Transaction</p> |
| 2. | <p>If notice was provided by someone other than the business area or corporate function responsible for the proposed Transaction, meet with the business area or corporate function to confirm and supplement the information provided in the original notice.</p> | <p>VP Ethics & Business Conduct</p> |
| 3. | <p>Consult with the corporate Legal department and determine whether the proposed Transaction is a Related Person Transaction. If it is, submit it (with management’s recommendation) to the Committee for consideration at its next meeting.</p> | <p>VP Ethics & Business Conduct</p> |
| 4. | <p>Reviews the Transaction to determine whether the Related Person has a direct or indirect Material Interest in the</p> | <p>Committee</p> |

Transaction. No further review is required under this policy if the Committee concludes, upon review of all relevant information, that the Transaction does not constitute a Related Person Transaction. If the Committee determines that the Transaction is a Related Person Transaction, it will review the Transaction, considering all relevant facts and circumstances available to it, such as:

- management's recommendation and opinion as to whether the Transaction is fair and reasonable to the Corporation;
- the benefit to the Corporation and commercial reasonableness of the terms of the Transaction;
- the significance and character of the Related Person's direct or indirect interest, and any actual or apparent conflict of interest of the Related Person;
- the impact on the Director's or nominee's independence if the Related Person is a Director or nominee, an Immediate Family Member of a Director or nominee, or an entity in which a Director or nominee is a partner, shareholder, or executive officer; and
- terms available to unrelated third parties or to employees generally.

Note: No member of the Committee may participate in the review, consideration, or approval of the Related Person Transaction if the member or an Immediate Family Member is the Related Person.

5. Considers whether the Related Person Transaction is fair and reasonable to the Corporation and, if so, approves the Related Person Transaction in its discretion and communicates the decision to the VP Ethics & Business Conduct, who will communicate the decision to the appropriate persons within the Corporation. Committee

8.0 Ratification Procedure

8.1 The VP & Controller, with information provided by the VP Operations for each business area and the corporate VP Global Supply Chain Management, will prepare quarterly reports of any amounts over \$10,000 that were paid to or received from any Related Person, excluding ordinary course Director or Executive Officer compensation arrangements approved by the Board of Directors or the Management Development and Compensation Committee. The VP & Controller will give the reports to the VP Ethics &

Business Conduct, who will review them to determine if there are any Related Person Transactions that were not previously approved or ratified under this policy.

8.2 Review by the Committee is required if a Related Person Transaction is identified that was not previously approved or ratified under this policy.

| Step | Action | Responsible |
|------|--|---------------------------------|
| 1. | Submit the Transaction promptly to the Committee. | VP Ethics & Business Conduct |
| 2. | Considers all of the relevant facts and circumstances available to the Committee, such as those identified in section 7.0 step 4. | Committee |
| 3. | If the Transaction is pending or ongoing, determines whether to ratify or refer to management for amendment or termination of the Transaction. | Committee |
| 4. | If the Transaction is completed, refers to management to recommend whether rescission of the Transaction or other action is appropriate. | Committee |
| 5. | Evaluate Lockheed Martin's controls and procedures to determine why the Transaction was not submitted for advance approval. Recommend changes to the controls and procedures as appropriate. | Corporate SVP & General Counsel |

9.0 Review of Ongoing Transactions

9.1 At its first meeting of 2007, the Committee reviewed all existing Related Person Transactions identified as of December 31, 2006 or proposed to be entered into by the Corporation in 2007.

9.2 On an annual basis, the Committee will review all subsequent and previously approved or ratified Related Person Transactions that remain ongoing to determine whether they should continue.

9.3 The Committee and the Board of Directors will review this policy annually and make changes as appropriate.

10.0 Failure to Approve or Ratify

If the Committee declines to approve or ratify any Related Person Transaction, the SVP & General Counsel, in coordination with the VP Ethics & Business Conduct and the affected business area or corporate function, will review the Transaction, determine whether it should be terminated or amended in a manner that is acceptable to the Committee, and

advise the Committee of its recommendation. The Committee will consider the recommendation at its next meeting.

11.0 Charitable Contributions

11.1 Proposed charitable contributions over \$120,000, or pledges of charitable contributions over \$120,000, by the Corporation to a charitable or non-profit organization on the list of Related Persons requires the advance approval of the Committee.

Exclusion: This requirement does not apply to non-discretionary contributions made under the Corporation's Charitable Award Plan or matching contribution program for employees.

11.2 Annually, the SVP Corporate Communications and each business area EVP will report to the VP Ethics & Business Conduct charitable contributions over \$10,000 made by the Corporation to any charitable or non-profit organization on the list of Related Persons that is a Related Person of any Director or Executive Officer. The SVP Corporate Communications will consolidate and report this information to the Committee.

12.0 Hiring Immediate Family Members

12.1 No Immediate Family Member of a Director or Executive Officer may be hired as a Lockheed Martin employee at an annual aggregate compensation rate (including base salary and bonus) of \$120,000 or higher without approval or ratification by the Committee.

12.2 If a person becomes a Director or Executive Officer and an Immediate Family Member already is a Lockheed Martin employee, the relationship will be reported to and reviewed by the Committee at the next meeting at which Related Person Transactions are considered.

12.3 Annually, the Committee will review the compensation paid to Immediate Family Members of Directors or Executive Officers.

13.0 Disclosure

13.1 All Related Person Transactions that are required to be disclosed in Lockheed Martin's filings with the SEC as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations, will be disclosed in accordance with those laws, rules, and regulations.

13.2 The material features of this policy will be disclosed in Lockheed Martin's annual report on Form 10-K or in its proxy statement, as required by applicable laws, rules, and regulations.

//s// James B. Comey
Senior Vice President & General Counsel