

Ethics and Business Conduct

LOCKHEED MARTIN



How the Ethics Process Works
at Lockheed Martin



Updated 2007

Introduction

The employees of Lockheed Martin share a commitment to the highest standards of ethical conduct in all activities throughout the Corporation. The Vice President of Ethics and Business Conduct is an elected officer of the Corporation, reporting directly to the Executive Office and to the Ethics & Corporate Responsibility Committee of the Board of Directors. The Vice President of Ethics and Business Conduct is responsible for overseeing vigorous corporate-wide efforts to promote a positive, ethical work environment for all employees and to support business practices that foster confidence among our customers, suppliers, shareholders, and members of the communities where we do business.

The following questions and answers are provided to assist employees and others in understanding the ethics process at Lockheed Martin and the many resources available to answer questions and address concerns.

How does Ethics relate to business conduct at Lockheed Martin?

At Lockheed Martin, we want to do more than comply with laws and regulations. We aim to do what is right. As former United States Supreme Court Justice Potter Stewart said: “Ethics is knowing the difference between what you have a right to do, and what is the right thing to do.”

It begins with our Corporate Vision:

Powered by innovation, guided by integrity, we help our customers achieve their most challenging goals.

We will accomplish our Vision by conducting business in accordance with our Values:

- Do What's Right
- Respect Others
- Perform With Excellence

What is your advice to an employee with a problem, question or concern?

As a general guideline, the first action should be to discuss the situation with your supervisor. If that is not possible for some reason or if taking it to your supervisor doesn't resolve the matter, it's your responsibility to take it up the chain within your organization or to another department such as Human Resources, Audit or Legal. In addition, there are Ethics Officers for each operating company in Lockheed Martin Corporation. Their names and phone numbers are listed in the Ethics Directory on the Ethics Home Page of the Lockheed Martin Network which is located at:

<http://ethics.corp.lmco.com/ethics>

Their names and phone numbers are also prominently displayed on company bulletin boards.

Employees needing information on how to contact their local Ethics Officer – or those wishing to discuss a matter of concern with a headquarters representative of the Ethics Office – are urged to contact the Corporate Ethics HelpLine:

1-800-LM-ETHIC

Suppliers and others can also contact the HelpLine to seek assistance or to raise matters of concern.

How do I contact the Corporate Ethics Helpline?

There are several ways to contact the
Corporate Office of Ethics and
Business Conduct:

BY PHONE:

Worldwide

Helpline: 1-800-563-8442 or
1-800-LM-ETHIC

Hearing or

Speech Impaired: . . 1-800-441-7457

BY MAIL:

Office of Ethics and Business Conduct
Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, MD 20817

BY FAX:

301-897-6442

BY E-MAIL:

corporate.ethics@lmco.com

If your concern relates to the actions or
decisions of the Vice President, Ethics
and Business Conduct, please contact the
Senior Vice President and General Counsel
of Lockheed Martin Corporation.

What happens when an employee or other person contacts the Ethics HelpLine?

If you have a question or need clarification of a matter, you will receive a prompt answer – usually when you first contact our office, but in most cases within two business days of your initial discussion.

When you contact your Company Ethics Officer or the Corporate Office of Ethics and Business Conduct:

- You will be treated with dignity and respect.
- Your communication will be protected to the greatest extent possible.
- Your concern will be thoroughly addressed. If it is not resolved at the time you call, you will be informed of the outcome when the matter is resolved.
- You need not identify yourself.

There is never a penalty for using the Ethics HelpLine. People in a position of authority can't stop you; if they try, they are subject to disciplinary action up to and including dismissal.

Remember, when in doubt:

ASK BEFORE YOU ACT!

How does the Office of Ethics and Business Conduct support high ethical standards at Lockheed Martin?

The Office of Ethics and Business Conduct serves as a third-party, independent resource for information, advice, and resolution of problems and issues. To maintain an effective program, all Lockheed Martin employees must be conscious of, and adhere to, our values:

- Do What's Right
- Respect Others
- Perform With Excellence

To help equip employees with the tools needed to deal with ethical issues in the workplace, Lockheed Martin conducts annual live ethics awareness training for all employees, and each operating company has a comprehensive business conduct compliance-training program.

What are the operating hours of the 1-800-LM-ETHIC HelpLine?

The Ethics HelpLine is answered from 8 a.m. to 5 p.m. EST every business day by a member of the Office of Ethics and Business Conduct staff. After 5 p.m. EST you can leave a message on the Ethics HelpLine answering machine and a staff member will contact you the next business day.

Is there caller ID on the 1-800-LM-ETHIC phone lines?

No, the 1-800-LM-ETHIC phone lines do not have caller ID.

Lockheed Martin does not track the phone numbers of those who call the Ethics HelpLine. Also, by special arrangement with AT&T, the origins of calls to the HelpLine number do not appear on any phone bills received by the Corporation. Thus, people who call the HelpLine and who wish to remain anonymous may do so without concern that the phone number they called from will be known to the company.

Are HelpLine calls taped?

Calls to the HelpLine are not taped or otherwise recorded.

A confidential voice-mail service is available to receive calls when a representative of the Ethics Office is not on duty. These voice-mail messages are permanently deleted after they are retrieved by a representative of the Ethics Office staff.

When I call the Ethics HelpLine to report observed misconduct, what information will I be asked to provide?

To facilitate a thorough investigation, it is necessary to know the name of the Lockheed Martin Company or business area, the location where the alleged misconduct occurred, and pertinent details. Specifically, information concerning the who, what, where, when and how of the concern is beneficial.

Although it is not a requirement, we encourage callers to the Ethics HelpLine to provide us with their name and a means of enabling contact for follow-up information, if necessary. This information also allows us to provide you with the results of an investigation.

Can I remain anonymous and still keep track of what is happening on an ethics investigation initiated by my contact?

Upon request, you can be assigned a case number or code name so you may anonymously inquire on the status or outcome of an ethics investigation initiated by your call to the Ethics Office.

How long does it take for an ethics investigation to be completed?

Depending on the nature of the case, an investigation may take anywhere from a few days to several months. The average time to close an ethics case is approximately 30 days.

How often are ethics cases substantiated? What happens to the cases that are not substantiated?

Historically, about 40% of all cases handled by the Ethics Office are substantiated. The remaining cases are closed without substantiation because the facts obtained during the investigation did not support the allegations or because sufficient information was not available to determine if the allegation was true. At the end of each calendar year, records are treated in accordance with the Corporation's records retention policy.

What typically happens as a result of an ethics investigation when the allegation is substantiated?

Action taken as a result of a substantiated ethics case varies depending on the type of case and the severity of the misconduct. Termination of employment, resign/retire in lieu of termination, suspension, written or oral reprimands, and counseling are among the actions typically taken. Sanctions are often accompanied by other corrective actions, including training, accounting adjustments, reassignment and reorganization. Lockheed Martin's commitment to ethics is real.

How does Lockheed Martin measure the effectiveness of its ethics process?

To measure the effectiveness of the ethics process, Lockheed Martin periodically conducts all-employee ethics surveys and makes the results available to employees. We also follow up with employees who raise ethics concerns to see if they are satisfied with the way the matter was handled. Lockheed Martin also benchmarks its Ethics and Business Conduct initiatives and processes against other major corporations' programs as part of an ongoing exchange of best practices.

Summary

You are encouraged to seek advice or express concerns about ethical misconduct to whomever you are most comfortable — your supervisor, your manager, your company Ethics Officer, Human Resources, Legal, Audit, or the Corporate Ethics Office. It doesn't matter where you go, as long as you seek guidance when you are uncertain about a situation.

If you have a question or concern regarding an ethics matter, please discuss it with your management, your local Ethics Officer or the Corporate Office of Ethics and Business Conduct.

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