

# LMC Stock Ownership Guidelines for Key Employees

Lockheed Martin's Stock Ownership Guidelines for Key Employees apply to all Management Incentive Compensation Plan (MICP) participants. This reflects the expectations of our major shareholders that management demonstrate its confidence in Lockheed Martin through a reasonable level of personal share ownership. This practice is consistent with other major U.S. corporations which link some portion of personal financial interests of key employees with those of shareholders.

## Stock Ownership Guidelines

Title	Annual Base Pay Multiple
Chief Executive Officer	5 times
President/Chief Operating Officer	4 times
Executive Vice President	3 times
Corporate Senior Vice President	2 times
Elected Vice President	2 times
Appointed Vice President	1 times
All Other Participants	0.75 times

## Satisfaction of Guidelines

Covered employees may satisfy their ownership guidelines with common stock in these categories:

- Shares owned directly.
- Shares owned by a spouse or a trust.
- Shares represented by monies invested in 401(k) Company Common Stock Funds or comparable plans.
- Share equivalents as represented by income deferred to the Company Stock Investment Option of the Deferred Management Incentive Compensation Plan (DMICP).
- Unvested Restricted Stock Awards and Units.

Although there is no specific period of time in which key employees will be required to achieve the appropriate ownership guideline, they are expected to make continuous progress toward their target. Covered employees should consider retaining a portion of the shares involved in any exercise of stock options to assist meeting ownership guidelines. Unexercised options prior to vesting are not counted toward meeting the guidelines.

Certain covered employees will be asked to report on their progress toward attainment of their share ownership goals during the annual deferral election period. Specifically, appointed Vice Presidents and above will be asked to indicate their target ownership goal – pay multiple – as well as the current quartile attainment of their goal. Quartile attainment will be measured as follows:

	<u>Percent of Goal</u>
1 <sup>st</sup> Quartile	0 – 25%
2 <sup>nd</sup> Quartile	26% – 50%
3 <sup>rd</sup> Quartile	51% – 75%
4 <sup>th</sup> Quartile	76% – 99%
Achieved Goal	100% +

Appointed Vice Presidents and above will also be asked to indicate when they will achieve the next higher quartile, or, if currently within the fourth quartile, when they will achieve their goal.

Key employees below the appointed Vice President level are encouraged to meet the ownership guideline but annual self-reporting on attainment status will not be required.

Those employees who have not achieved their appropriate ownership guideline are encouraged to place a portion of their MICP awards (and/or LTIP awards) in the Company Stock Investment Option of the Deferred Management Incentive Compensation Plan each year, until the goal is reached.