

LOCKHEED MARTIN CORP
Form DEF 14A
March 05, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only
(as permitted by Rule 14a-6(e) (2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material

Pursuant to Section 240.14a-12

Lockheed Martin Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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Lockheed Martin Corporation

6801 Rockledge Drive Bethesda, MD 20817

Robert J. Stevens

Chairman and Chief Executive Officer

March 12, 2010

Dear Fellow Stockholders:

On behalf of the Board of Directors, I would like to invite you to attend our 2010 Annual Meeting of Stockholders. We will meet on Thursday, April 22, 2010, at 10:30 a.m. Central Daylight Time, at the Lockheed Martin Aeronautics Company, Aeronautics Visitor Center (AVC), 1 Lockheed Boulevard, Fort Worth, Texas 76108. Prior to the meeting, you are invited to join the Board and senior management at a reception at 10:00 a.m. If you cannot attend, you may listen to a webcast of the Annual Meeting through our website, <http://www.lockheedmartin.com/investor>.

Our Lead Director, James R. Ukropina, is not eligible to stand for re-election due to the mandatory retirement provision in our Bylaws and will retire from the Board upon expiration of his term in April. Frank Savage has also decided not to stand for re-election this year and will retire on April 22. We are extremely grateful for their valuable contributions to our great Corporation and the Board. The independent directors of our Board have elected Douglas H. McCorkindale as our new Lead Director, effective April 22, 2010.

The Annual Meeting will include discussion and voting on the matters described in the accompanying notice and Proxy Statement. Whether or not you plan to attend, please be sure to vote your shares. You may vote your shares by returning the enclosed proxy card, or by following the instructions for Internet or telephone voting printed on the proxy card. If you plan to attend, please let us know by marking the appropriate box when you cast your vote.

Thank you for your continued support of Lockheed Martin. I look forward to seeing you in Fort Worth.

Please note that for security reasons, you must have an admission ticket (or proof of ownership) and valid photo identification in order to be admitted. All hand-carried items will be subject to inspection. In order to expedite entry, it is requested that items such as bags, briefcases, and packages not be brought to the meeting. Any bags, briefcases, or packages will be required to be checked at the registration desk prior to entering the meeting room.

Sincerely,

Robert J. Stevens

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LOCKHEED MARTIN CORPORATION

6801 Rockledge Drive

Bethesda, MD 20817

NOTICE OF 2010 ANNUAL MEETING OF STOCKHOLDERS

DATE	Thursday, April 22, 2010
TIME	10:30 a.m. Central Daylight Time
PLACE	Lockheed Martin Aeronautics Company Aeronautics Visitor Center (AVC) 1 Lockheed Boulevard Fort Worth, Texas 76108
WEBCAST	You may listen to a live webcast of our Annual Meeting at http://www.lockheedmartin.com/investor . Listening to the webcast will not represent attendance at the Annual Meeting, and you will not be able to cast your vote through the live webcast.
ITEMS OF BUSINESS	(1) Election of 11 director-nominees to serve on the Board for a one-year term ending at next year's Annual Meeting; (2) Ratification of the appointment of Ernst & Young LLP, an independent registered public accounting firm, as our independent auditors for the 2010 fiscal year; (3) Stockholder Proposal to require the Corporation to provide a written report to stockholders on certain information relating to the Corporation's space-based weapons program; and (4) Consideration of any other matters that may properly come before the meeting.
RECORD DATE	Stockholders of record at the close of business on March 1, 2010, are entitled to vote at the Annual Meeting.
ANNUAL REPORT	We have enclosed our 2009 Annual Report to Stockholders. The report is not part of the proxy soliciting materials for the Annual Meeting.
PROXY VOTING	It is important that you vote your shares, so that your shares are counted at the Annual Meeting. You may vote your shares by completing and returning the enclosed proxy card, or by following the instructions printed on the proxy card or contained in the Proxy Statement for Internet or telephone voting.
	Lillian M. Trippett Vice President, Corporate Secretary and Associate General Counsel

March 12, 2010

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GENERAL INFORMATION

We are furnishing these proxy materials in connection with the solicitation of proxies, on behalf of your Board of Directors (the Board), to be voted at our 2010 Annual Meeting of Stockholders (the Annual Meeting) and at any adjournment or postponement of the Annual Meeting. Lockheed Martin Corporation (the Corporation) is a Maryland corporation.

You are invited to attend our Annual Meeting on April 22, 2010, at 10:30 a.m., Central Daylight Time, at the Lockheed Martin Aeronautics Company, Aeronautics Visitor Center (AVC), 1 Lockheed Boulevard, Fort Worth, TX 76108. Directions to the meeting are provided in Appendix A-1.

We began mailing the notice, Proxy Statement, and proxy card (proxy materials) for the Annual Meeting and our 2009 Annual Report to Stockholders (Annual Report) on or about March 12, 2010.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on April 22, 2010: The Proxy Statement and Annual Report are available at <http://www.lockheedmartin.com/investor>.

Questions and Answers

Do I need a ticket to attend the Annual Meeting?

You will need both an admission ticket (or proof of ownership) and valid photo identification to attend the Annual Meeting. An admission ticket is attached to your proxy card. Please detach the ticket and bring it with you to the meeting. If you vote electronically through the Internet, you can print an admission ticket from the online site. If you hold shares through an account with a bank or broker, contact your bank or broker to request a legally valid proxy from the owner of record to vote your shares. This will serve as your admission ticket.

A recent brokerage statement or letter from your broker showing that you owned Lockheed Martin stock (referred to as common stock or stock) in your account as of March 1, 2010 (the Record Date), also serves as an admission ticket.

If you do not have an admission ticket (or proof of ownership) and valid photo identification, you will not be admitted to the Annual Meeting. Please note that for security reasons, you must have an admission ticket (or proof of ownership) and valid photo identification in order to be admitted. All hand-carried items will be subject to inspection. In order to expedite entry, it is requested that items such as bags, briefcases, and packages not be brought to the meeting. Any bags, briefcases, or packages will be required to be checked at the registration desk prior to entering the meeting room.

Will the Annual Meeting be webcast?

Yes. We will webcast the Annual Meeting live on April 22, 2010. To access the webcast, go to <http://www.lockheedmartin.com/investor> at 10:30 a.m., Central Daylight Time, on April 22, 2010. Registration for the webcast is required. Stockholders who wish to access the webcast should pre-register on our website. Listening to our Annual Meeting webcast will not represent attendance at the meeting, and you will not be able to cast your vote as part of the live webcast.

Who is entitled to vote at the Annual Meeting?

Holders of our common stock, at the close of business on March 1, 2010, are entitled to vote their shares at the Annual Meeting. As of the Record Date, there were 373,770,624 shares outstanding. Each share outstanding on the Record Date is entitled to one vote on each proposal presented at the Annual Meeting. This includes shares held through Direct Invest, our dividend reinvestment and stock purchase plan, or through our employee benefit plans. Your proxy card shows the number of shares held in your account(s).

Table of Contents**GENERAL INFORMATION****What is the difference between holding shares as a registered stockholder and as a beneficial owner?**

If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the registered stockholder of those shares. We mail the proxy materials and our Annual Report to you directly.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of the shares that are registered in street name. In this case, the proxy materials and our Annual Report were forwarded to you by your broker, bank, or other nominee, who is considered the registered stockholder. As the beneficial owner, you have the right to direct your broker, bank, or other nominee how to vote your shares by following the voting instructions included in the mailing.

Employees with shares allocated in an employee benefit plan account will not receive a paper mailing and should review the information on procedures for employees on page 4.

What am I voting on and what are the Board's voting recommendations?

Our stockholders will be voting on the following proposals which are described in more detail beginning on page 66:

		Board's Voting
Proposal	Description	Recommendation
1	Election of director-nominees	FOR all nominees
2	Ratification of appointment of Ernst & Young LLP, independent registered public accounting firm	FOR this proposal
3	Stockholder Proposal to report on space-based weapons	AGAINST this proposal

Can other matters be decided at the Annual Meeting?

At the time the Proxy Statement went to press, we were not aware of any other matters to be presented at the Annual Meeting. If other matters are properly presented for consideration at the Annual Meeting, the proxy holders appointed by your Board (who are named in your proxy card if you are a registered stockholder) will have the discretion to vote on those matters in accordance with their best judgment on behalf of stockholders who sign the proxy card.

What is the procedure for voting?

If your shares are registered in your name, you may vote using any of the methods described as follows. If your shares are held in the name of a broker, bank, or other nominee, your nominee will provide you with instructions on the procedure for voting your shares.

Internet or By Telephone

Our Internet and telephone voting procedures for registered stockholders are designed to authenticate your identity, allow you to give your voting instructions, and confirm that those instructions are properly recorded.

You may access the Internet voting site at <http://www.investorvote.com>. Please have your proxy card in hand when you go online. You will receive instructional screen prompts to guide you through the voting process. You also will have an opportunity to confirm your voting selections before your vote is recorded.

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You can vote by calling toll free 1-800-652-8683 within the U.S., Canada, and Puerto Rico, or 1-781-575-2300 from outside the U.S. Please have your proxy card in hand when you call. You will receive voice prompts to guide you through the process. You also will have an opportunity to confirm your voting selections before your vote is recorded.

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Internet and telephone voting facilities for registered stockholders will be available 24 hours a day until 1:00 a.m., Eastern Daylight Time, on April 22, 2010. If you vote on the Internet or by telephone, you do not have to return your proxy card.

The availability of Internet and telephone voting for beneficial owners will depend on the voting processes of your broker, bank, or other nominee. We recommend that you follow the voting instructions in the materials that you receive from your nominee.

By Mail

Simply mark, date, and sign the proxy card and return it in the postage-paid envelope provided.

If you want to vote in accordance with the Board's recommendations, simply sign, date, and return the proxy card. The named proxy holders will vote signed but unmarked proxy cards in accordance with the Board's recommendations.

If you are a registered stockholder, and the postage-paid envelope is missing, please mail your completed proxy card to Lockheed Martin Corporation, c/o Computershare Investor Services, P.O. Box 43116, Providence, RI 02940.

In person at the Annual Meeting

All registered stockholders may vote in person at the Annual Meeting. Voting your proxy electronically through the Internet, by telephone, or by mail does not limit your right to vote at the Annual Meeting. You also may be represented by another person at the Annual Meeting by executing a legally valid proxy designating that person to vote on your behalf. If you are a beneficial owner of shares, you must obtain a legally valid proxy from your broker, bank, or other nominee and present it to the inspectors of election with your ballot to be able to vote at the Annual Meeting. A legally valid proxy is an authorization from your broker, bank, or other nominee to vote the shares held in the nominee's name that satisfies Maryland law and Securities and Exchange Commission (SEC) requirements for proxies.

Your vote is important. You can save us the expense of a second mailing by voting promptly, even if you plan to attend the Annual Meeting.

Can I change my proxy vote?

Yes. If you are a registered stockholder, you can change your proxy vote or revoke your proxy at any time before the Annual Meeting by:

- returning a signed proxy card with a later date;
- entering a new vote electronically by the Internet or by telephone;
- notifying the Corporate Secretary in writing at 6801 Rockledge Drive, Bethesda, MD 20817 before your original proxy is voted at the meeting; or
- submitting a written ballot at the Annual Meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker, or other nominee. You also may vote in person at the Annual Meeting if you obtain a legally valid proxy from the registered stockholder as described in the answer to the previous question.

Your personal attendance at the Annual Meeting does not revoke your proxy. Your last vote, prior to or at the Annual Meeting, is the vote that will be counted.

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What if I return my proxy card but do not provide voting instructions?

Proxies that are signed and returned but do not contain voting instructions will be voted:

FOR the election of director-nominees.

FOR the ratification of the appointment of Ernst & Young LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2010.

AGAINST the stockholder proposal.

In the best judgment of the named proxy holders on other matters properly brought before the Annual Meeting.

How do I vote if I participate in one of the Corporation's 401(k) or defined contribution plans?

As a participant in one of the 401(k) or defined contribution plans, you may direct the plan trustees how to vote shares allocated to your account(s) on a proxy voting direction card, by telephone, or electronically by the Internet. Most active employees who participate in these benefit plans will receive an email notification announcing Internet availability of this Proxy Statement and how to submit voting directions.

If you do not provide timely directions to the plan trustee, shares allocated to your account will be voted by the plan trustee depending on the terms of your plan or other legal requirements.

Plan participants may attend the Annual Meeting, but may not vote plan shares at the Annual Meeting. If you wish to vote, whether you plan to attend the Annual Meeting or not, you should direct the trustee of your plan(s) how you wish to vote your plan shares no later than 11:59 p.m., Eastern Daylight Time, on April 19, 2010.

How many shares must be present to hold the Annual Meeting?

In order for us to conduct our Annual Meeting, a majority of the shares outstanding and entitled to vote as of March 1, 2010, must be present in person or by proxy. This is referred to as a quorum. Your shares are counted as present at the Annual Meeting if you attend the Annual Meeting and vote in person or if you properly return a proxy by Internet, by telephone, or by mail. We will count abstentions and broker non-votes for purposes of determining whether a quorum exists at the meeting.

Will my shares be voted if I don't provide my proxy or instruction form?

Registered Stockholders: If your shares are registered in your name, your shares will not be voted unless you provide a proxy, voting instructions by Internet or by telephone, or vote in person at the Annual Meeting.

Plan Participants: If you are a participant in one of the 401(k) or defined contribution plans and you do not provide timely directions to the plan trustee, shares allocated to your account will be voted by the plan trustee depending on the terms of your plan or other legal requirements.

Beneficial Owners: If you hold shares through an account with a bank, broker, or other nominee, and you do not provide voting instructions, your shares still may be voted on certain matters as explained as follows.

Brokerage firms have authority under New York Stock Exchange (NYSE) rules to vote shares on routine matters for which their customers do not provide voting instructions. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2010 is considered a routine matter. As a result, if you hold your shares through a broker and do not direct the broker how to vote your shares on this routine matter, your broker may vote the shares on your behalf.

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The election of directors and the stockholder proposal are not considered routine matters by the NYSE. **Because of a change in the NYSE rules on broker discretionary voting in director elections that is effective for the first time this year, your broker cannot vote on the election of directors unless you provide voting instructions to your broker. Shares for which a broker is not authorized to vote are known as broker non-votes.**

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A broker non-vote on the election of directors and stockholder proposal will not result in a vote cast and will not be counted as a vote For or Against the election of directors and the stockholder proposal. We strongly encourage you to submit your proxy and exercise your rights as a stockholder to vote on these matters.

What are the voting requirements to elect directors and approve each of the proposals?

The affirmative vote of a majority of the votes cast, if a quorum is present, is required to take or authorize action upon the election of directors or upon any other matter that properly may come before the meeting, unless applicable law or our Charter or Bylaws provide otherwise for a particular matter. The voting requirements are as follows:

Proposal	Description	Voting Requirements
1	Election of director-nominees	Majority of votes cast ¹
2	Ratification of appointment of Ernst & Young LLP, independent registered public accounting firm	Majority of votes cast
3	Stockholder Proposal to report on space-based weapons program	Majority of votes cast

¹ Under our Bylaws, to be elected at the Annual Meeting, a nominee for election as a director must receive more votes FOR his or her election than votes AGAINST his or her election. Any director in an uncontested election who fails to receive a majority of the votes cast will be required under the terms of our Corporate Governance Guidelines to offer his or her resignation for consideration by our Nominating and Corporate Governance Committee (Governance Committee) and acceptance or rejection by the Board. See Corporate Governance Majority Voting Policy for Uncontested Director Elections on page 13.

Although fewer nominees are named than the number fixed by the Charter and Bylaws, proxies cannot be voted for a greater number of persons than the number of nominees named. Eleven individuals rather than twelve have been nominated because the process of identifying qualified candidates is ongoing. Candidates identified after the 2010 Annual Meeting will be considered by the Board as nominees to serve until the 2011 Annual Meeting.

A stockholder who abstains on some or all matters is considered present for purposes of determining if a quorum is present at the meeting, and an abstention is not counted as a vote cast. An abstention has no effect for the vote for each director-nominee, the ratification of the appointment of Ernst & Young LLP, and the votes on the stockholder proposal.

Who will count the votes?

Representatives of our transfer agent, Computershare Trust Company, N.A., will tabulate the votes and act as inspectors of election for the 2010 Annual Meeting.

What is householding and how does it affect me?

We have adopted a procedure approved by the SEC called householding. Under this procedure, we send only one Annual Report and Proxy Statement to eligible stockholders who share a single address, unless we have received instructions to the contrary from any stockholder at that address. This practice is designed to reduce our printing and postage costs. Stockholders who participate in householding will continue to receive separate proxy cards. We do not use householding for any other stockholder mailings, such as dividend checks, Forms 1099, or account statements.

If you are eligible for householding, but receive multiple copies of the Annual Report and Proxy Statement and prefer to receive only a single copy of each of these documents for your household, please contact our transfer agent, Computershare Trust Company, N.A., Shareholder Relations, P.O. Box 43078, Providence, RI 02940-3078, or call 1-877-498-8861. If you are a registered stockholder residing at an address with other registered stockholders

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GENERAL INFORMATION

and wish to receive a separate Annual Report or Proxy Statement in the future, please contact Computershare Trust Company, N.A. as indicated above. If you own shares through a bank, broker, or other nominee, you should contact the nominee concerning householding procedures.

Can I receive a copy of the Annual Report?

Yes. We will provide a copy of our Annual Report without charge, upon written request, to any registered or beneficial owner of common stock entitled to vote at the Annual Meeting. Requests should be made in writing addressed to Investor Relations, Lockheed Martin Corporation, 6801 Rockledge Drive, Bethesda, MD 20817, by calling Lockheed Martin Shareholder Direct at 1-800-568-9758, or by accessing the Corporation's website at <http://www.lockheedmartin.com/investor>. The SEC also maintains a website at <http://www.sec.gov> that contains reports, proxy statements, and other information regarding Lockheed Martin.

Can I view the Proxy Statement and Annual Report on the Internet?

Yes. The Proxy Statement and Annual Report are available on the Internet at <http://www.lockheedmartin.com/investor>. Subject to the householding discussion above, all stockholders will receive paper copies of the Proxy Statement, proxy card, and Annual Report by mail unless the stockholder has consented to electronic delivery or is an employee with shares allocated in an employee benefit plan.

Can I choose to receive the Proxy Statement and Annual Report on the Internet instead of receiving them by mail?

Yes. If you are a registered or beneficial stockholder, you can elect to receive future Annual Reports and Proxy Statements on the Internet only and not receive copies in the mail by visiting Shareholder Services at <http://www.lockheedmartin.com/investor> and completing the online consent form. Your request for electronic transmission will remain in effect for all future Annual Reports and Proxy Statements, unless withdrawn. Withdrawal procedures also are located at this website.

Most active employees who participate in the Corporation's savings plans will receive an email notification announcing Internet availability of the Annual Report and Proxy Statement. A paper copy will not be provided unless requested by the employee.

Who pays for the cost of this proxy solicitation?

The Corporation pays for the cost of soliciting proxies on behalf of the Board for the Annual Meeting. We may solicit proxies by mail, telephone, Internet, or in person. We may make arrangements with brokerage houses and other custodians, nominees, and fiduciaries to send proxy material to beneficial owners on our behalf. We reimburse them for their reasonable expenses. We have retained Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902 to aid in the solicitation of proxies and to verify related records at a fee of \$45,000, plus expenses. To the extent necessary to ensure sufficient representation at the Annual Meeting, we may request the return of proxies by mail, express delivery, courier, telephone, Internet, or other means. Stockholders are requested to return their proxies without delay.

How do I submit a proposal for the Annual Meeting of Stockholders in 2011?

Any stockholder who wishes to submit a proposal for consideration at the 2011 Annual Meeting and for inclusion in the 2011 Proxy Statement should send their proposal to:

Lockheed Martin Corporation

Attention: Vice President and Corporate Secretary

6801 Rockledge Drive

Bethesda, MD 20817.

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GENERAL INFORMATION

Proposals must be received no later than November 12, 2010, and satisfy the requirements under applicable SEC Rules (including SEC Rule 14a-8) to be included in the Proxy Statement and on the proxy card that will be used for solicitation of proxies by the Board for the 2011 Annual Meeting.

Our Bylaws also require advance notice of any proposal by a stockholder to be presented at the Annual Meeting that is not included in our Proxy Statement and on the proxy card, including any proposal for the nomination of a director for election. To be properly brought before the 2011 Annual Meeting, written nominations for directors or other business to be introduced by a stockholder must be received between the dates of October 13, 2010 and November 12, 2010, inclusive. A notice of a stockholder proposal must contain information required by our Bylaws about the matter to be brought before the meeting and about the stockholder proponent and persons associated with the stockholder through control, ownership of the shares, agreement, or coordinated activity. Waiver of these requirements by us in a particular instance does not constitute a waiver applicable to any other stockholder proposal, nor does it obligate us to waive the requirements for future submissions. A list of the information which is required to be included in a stockholder proposal may be found in Section 1.10 of our Bylaws at <http://www.lockheedmartin.com/investor>.

How can I contact the Corporation's non-management directors?

Stockholders may communicate confidentially with the Lead Director or with the non-management directors as a group. If you wish to raise a question or concern to the Lead Director or the non-management directors as a group, you may do so by contacting:

Lead Director

or

Non-Management Directors

Lockheed Martin Corporation

6801 Rockledge Drive, MP 220

Bethesda, MD 20817.

Our Vice President and Corporate Secretary reviews all correspondence sent to the Board. The Board has authorized our Vice President and Corporate Secretary to respond to correspondence regarding routine stockholder matters and services (e.g., stock transfers, dividends, etc.). Correspondence from stockholders relating to accounting, internal controls, or auditing matters are brought to the attention of the Audit Committee. All other correspondence is forwarded to the Lead Director who determines whether distribution to the full Board for review is appropriate. Any director may, at any time, review a log of all correspondence addressed to the Board and request copies of such correspondence.

Can I find additional information on the Corporation's website?

Yes. Although the information contained on our website is not part of this Proxy Statement, you will find information about the Corporation and our corporate governance practices at <http://www.lockheedmartin.com/investor>. Our website contains information about our Board, Board committees, Charter and Bylaws, Code of Ethics and Business Conduct and Corporate Governance Guidelines, and information about insider transactions. Stockholders may obtain, without charge, hard copies of the above documents by writing to:

Investor Relations

Lockheed Martin Corporation

6801 Rockledge Drive

Bethesda, MD 20817.

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CORPORATE GOVERNANCE

Code of Ethics and Business Conduct

At Lockheed Martin, ethics is part of our history and culture. We are committed to ethical behavior in all that we do. This commitment is reflected in our vision statement "Powered by Innovation, Guided by Integrity, We Help Our Customers Achieve Their Most Challenging Goals," and our value statements: "Do What's Right; Respect Others; and Perform with Excellence."

We have had a code of conduct in place since the Corporation was formed in 1995, well before codes became fashionable or required for stock exchange listing. We and our heritage companies were among the first in the aerospace and defense industry to adopt an ethics code.

Our Code of Ethics and Business Conduct, "Setting the Standard," applies to all directors, officers, and employees. It sets forth our policies and expectations on a number of topics, including our commitment to good citizenship and integrity, promoting a positive and safe work environment, transparency in our public disclosures, avoiding conflicts of interest, confidentiality, preservation and use of company assets, compliance with laws (including insider trading laws), and business ethics. Building on our long history of commitment to the highest standard of ethical conduct, in 2009, "Setting the Standard" was revised and reprinted for the ninth time.

We maintain a toll-free ethics help line for employees as a means of raising concerns or seeking advice. The help line is available to all employees worldwide, 7 days a week, 24 hours a day. Employees using the help line may choose to remain anonymous. All help line inquiries are forwarded to the Corporation's Office of Ethics and Business Conduct. Our Ethics Office is headed by our Vice President Ethics and Business Conduct who reports directly to the Chief Executive Officer (CEO) and the Ethics and Corporate Responsibility Committee of the Board. Any matters reported to our Ethics Office, whether through the help line or otherwise, involving accounting, internal control or audit matters, or any allegations of fraud involving management or persons who have a significant role in the Corporation's internal controls, are reported directly to the Audit Committee.

Our directors and employees participate in annual ethics training, which consists of a live training session. We devote significant resources to our business conduct compliance training program. In 2009, our employees completed in excess of 660,000 on-line business conduct compliance training modules.

"Setting the Standard" is posted on our website at <http://www.lockheedmartin.com/investor>. Printed copies of our Code may be obtained, without charge, by contacting Investor Relations, Lockheed Martin Corporation, 6801 Rockledge Drive, Bethesda, MD 20817. In 2009, there were no waivers from any provisions of our Code or amendments applicable to any director or executive officer. We intend to disclose any such waivers or amendments promptly to our stockholders by posting on our website.

Corporate Governance Guidelines

Lockheed Martin is committed to maintaining and practicing the highest standards of ethics and corporate governance. The Board has adopted Corporate Governance Guidelines that describe the framework within which the Board and its Committees oversee the governance of the Corporation. The current Corporate Governance Guidelines are posted at <http://www.lockheedmartin.com/investor>.

The Corporate Governance Guidelines contain the Board's views on a number of governance topics that reflect our commitment to, and appreciation of, the importance of good governance in protecting and enhancing stockholder value. The Governance Committee of the Board regularly assesses our governance practices in light of new or emerging trends and practices.

Our Corporate Governance Guidelines cover a wide range of subjects, including: the role of the Board and director responsibilities; the role and responsibilities of the Lead Director; a comprehensive Code of Ethics and Business Conduct; director nomination procedures and qualifications; director independence standards; a policy for the review, approval, and ratification of related person transactions; procedures for annual evaluations of the Board, its committees, and directors; director stock ownership; and a clawback policy for executive incentive compensation.

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The Corporate Governance Guidelines set forth the Board's expectation that any director-nominee who fails to receive a majority of the votes cast for election would submit his or her resignation to the Board and provide procedures for the Board to use in considering whether to accept or reject the resignation.

Described as follows are some of the significant corporate governance practices that have been instituted by the Board.

Role of the Board of Directors

The Board plays an active role in overseeing management and representing the interests of stockholders. Directors are expected to attend all Board meetings, the meetings of committees on which they serve, and the Annual Meeting. Directors are regularly consulted for advice and counsel between formal meetings.

In 2009, the Board met a total of eight times. With the exception of Mr. Loy, all directors attended at least 75% of the total board and committee meetings to which they were assigned. Mr. Loy's attendance dropped to 73% as a result of a prior commitment which prevented him from attending a special board meeting called with 48 hours' notice in October 2009. All directors attended the 2009 Annual Meeting.

Lead Director

The Board regularly reviews its leadership structure in light of the Corporation's then current needs, governance trends, internal assessments of Board effectiveness, and other factors. In the fourth quarter of 2009, the Board amended our Bylaws and Corporate Governance Guidelines to create the new position of Lead Director. The Board now elects one of the independent directors to serve as the Lead Director by the affirmative vote of the directors who have been determined to be independent for purposes of the NYSE requirements. The responsibilities of the Lead Director are to:

Preside as Chair at executive sessions of the non-management members of the Board or executive sessions of the independent directors, or when the Chairman of the Board is ill, absent, incapacitated or otherwise unable to carry out the duties of Chairman of the Board;

Determine the frequency and timing of executive sessions of non-management directors and report to the Chairman and CEO on all relevant matters arising from those sessions, and invite the Chairman and CEO to join the executive session for further discussion as appropriate;

Consult with the Chairman and CEO and committee chairs regarding the topics and schedules of the meetings of the Board and committees;

Review all Board and committee agendas and provide input to management on the scope and quality of information sent to the Board;

Assist with recruitment of director candidates and, along with the Chairman of the Board, extend the invitation to a potential candidate for a director to join the Board;

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Act as liaison between the Board and management and among the directors and the committees of the Board;

Serve as ex-officio member of each committee if not otherwise a member of the committee;

Serve as the point of contact for stockholders and others to communicate with the Board;

Recommend to the Board and committees the retention of advisors and consultants who report directly to the Board; and

Perform all other duties as may be assigned by the Board from time to time.

Mr. Ukropina serves as the elected Lead Director. Prior to October 2009, Mr. Ukropina served as Presiding Director. The Presiding Director historically was the Chairman of the Governance Committee. The Lead Director position represents an evolution of the Presiding Director role with a couple of enhancements, separate election by the independent members of the Board and specifically enumerated and expanded responsibilities under the Bylaws. Mr. McCorkindale has been elected to succeed Mr. Ukropina as Lead Director, effective April 22, 2010.

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Positions of Chairman and Chief Executive Officer

The positions of Chairman and CEO currently are combined at Lockheed Martin. The Corporation's policy as to whether the roles of the Chairman and CEO should be separate is to adopt the practice which best serves the Corporation's needs at any particular time. The Board believes that no single, one-size fits all, board-leadership model is universally or permanently appropriate. In the past, the positions have been separated when deemed appropriate by the Board. This structure has proven especially useful to facilitate executive leadership training, succession, and orderly transitions. At present, the Board believes that its current structure effectively maintains independent oversight of management. The Board periodically reviews and considers whether the positions of Chairman and CEO should be combined or separated as part of its regular review of the effectiveness of the Corporation's governance structure.

Enterprise Risk Management

The Audit Committee reviews our policies and practices with respect to risk assessment and risk management, including discussing with management the Corporation's major risk exposures and the steps that have been taken to monitor and control such exposures. The Audit Committee reports the results of its review to the Board.

Matters of risk management are brought to the attention of the Audit Committee by the Executive Vice President and Chief Financial Officer (CFO), who serves as the Corporation's Chief Risk Officer, or by the Vice President, Internal Audit, who regularly reviews and assesses internal processes and controls for ongoing compliance with internal policies and legal and regulatory requirements, as well as for potential weaknesses that could result in a failure of an internal control process. Management reviews and reports on potential areas of risk at the request of the Audit Committee or other members of the Board.

We have a number of risk identification and mitigation strategies. A panel of executives reviews all major proposals to ensure the technical and pricing structures are consistent with our tolerance for risk. Corporate management conducts reviews of ongoing business performance and financial results and future opportunities through the long-range planning process, executive management meetings and staff meetings. In addition, in order to ensure integration and dissemination of information about identified risks to management and throughout the Corporation, we have established an umbrella risk identification and mitigation committee (the Risk and Compliance Committee), composed of representatives of the direct reports to the Chairman and CEO and to the President and Chief Operating Officer (COO). This committee meets at least bi-monthly and reports to a risk council made up of the Executive Vice President and CFO, Senior Vice President and General Counsel, Vice President, Ethics and Business Conduct, and the Vice President of Internal Audit. At the request of the Audit Committee of the Board, the Risk and Compliance Committee has undertaken to survey our businesses to identify risks, analyze the probability of occurrence and impact to our business of those risks, and assess mitigation efforts.

Identifying and Evaluating Nominees for Directors

Each year, the Governance Committee recommends to the Board the slate of directors to serve as management's nominees for election by the stockholders at the Annual Meeting. The process for identifying and evaluating candidates to be nominated to the Board starts with an evaluation of a candidate by the Chairman of the Governance Committee followed by the entire Governance Committee and the CEO. Director candidates may also be identified by stockholders and will be evaluated and considered by the Governance Committee in the same manner as other director candidates. The Corporation has utilized outside search firms, including Korn/Ferry International and Russell Reynolds Associates, to identify potential candidates. The current slate of nominees are all incumbent directors.

Stockholder Nominees

Stockholder proposals for nominations to the Board should be submitted to the Nominating and Corporate Governance Committee, care of the Vice President and Corporate Secretary, at 6801 Rockledge Drive, Bethesda, MD 20817. To be considered by the Board for nomination at the 2011 Annual Meeting, written notice of nominations by a stockholder must be received between the dates of October 13, 2010 and November 12, 2010, inclusive.

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The information requirements for any stockholder proposal or nomination can be found in Section 1.10 of our Bylaws, at <http://www.lockheedmartin.com/investor>. A summary of the requirements can be found in the General Information section of this Proxy Statement on page 6. Self-nominations will not be considered. Proposed stockholder nominees are presented to the Chairman of the Governance Committee, who decides if further consideration should be given to the nominat