

UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL-MILITARY AFFAIRS
WASHINGTON, D.C. 20520

In the Matter of:)
)

LOCKHEED MARTIN CORPORATION)
Maryland)
)

Respondent)
_____)

ORDER

WHEREAS, the Office of Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State ("Department"), has notified Lockheed Martin Corporation ("Lockheed Martin") of the institution of an administrative proceeding pursuant to the Arms Export Control Act (the "Act") (22 U.S.C. § 2778(e)) and its implementing regulations, the International Traffic in Arms Regulations (the "Regulations") (22 C.F.R. Parts 120-130), based on allegations that Lockheed Martin violated Section 38 of the Act and § 126 and § 127 of the Regulations as set forth in a Charging Letter of April 4, 2000, attached hereto and incorporated by reference herein; and

WHEREAS, the Department and Lockheed Martin have entered into a Consent Agreement pursuant to § 128 of the Regulations whereby the Department and Lockheed Martin have agreed to settle this matter in accordance with the terms and conditions set forth therein;

IT IS THEREFORE ORDERED,

FIRST, that Lockheed Martin shall pay to the Department a civil penalty of \$8,000,000 (eight million dollars) by cashier's check or certified check made payable to the Department of State. The penalty shall be paid as follows: \$1,500,000 (one million five hundred thousand dollars) within 10 days of the signing of this Order, and \$6,500,000 (six million five hundred thousand dollars) in annual installments

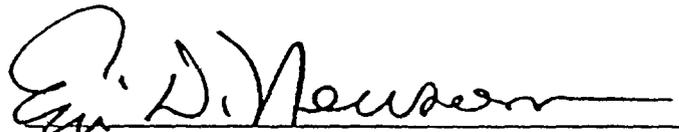
of \$1,500,000 (one million five hundred thousand dollars) for three years and \$2,000,000 (two million dollars) in year four, due each year on the anniversary of the signing of this Order.

SECOND, that Lockheed Martin is assessed an additional penalty of \$5,000,000 (five million dollars) which shall be suspended. This additional penalty represents an amount Lockheed Martin will apply over a four-year period to pay the costs of the remedial compliance and monitoring measures specified in the Annex to the Consent Agreement. Lockheed Martin will provide to the Department each year on the anniversary of the Order a written accounting of the expenditures associated with this additional penalty, and failure to use these funds appropriately for this purpose or to provide a satisfactory accounting shall result in a lifting of the suspension, in which case Lockheed Martin shall be required to pay this amount to the Department of State.

THIRD, Lockheed Martin shall institute the remedial compliance and monitoring measures specified in the Consent Agreement and the Annex in order to effect the changes and procedures and provide the assurances described in the Consent Agreement and the Annex, and shall do so within the deadlines established therein.

FOURTH, that the Charging Letter, the Consent Agreement and Annex and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.



Eric D. Newsom
Assistant Secretary
Bureau of Political-Military Affairs
Department of State

Entered this 13 day of June, 2000.