

**IN THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF ILLINOIS**

ANTHONY ABBOTT, ERIC FANKHAUSER,)
LLOYD DEMARTINI, TOM JOHNSON,)
JACK JORDAN, MARK LANG,)
EDWARD ROSA, and DENNIS TOMBAUGH,)

Plaintiffs,)

v.)

LOCKHEED MARTIN CORPORATION,)
LOCKHEED MARTIN INVESTMENT)
MANAGEMENT COMPANY,)

Defendants.)

) CASE NUMBER 06-701-MJR

DEFENDANTS' ANSWER AND AFFIRMATIVE DEFENSES

Defendants Lockheed Martin Corporation and Lockheed Martin Investment Management Company (collectively "Defendants"), pursuant to Fed. R. Civ. P. 8(b), file the following Answer and Affirmative Defenses to Plaintiffs' Complaint, dated September 11, 2006, in the above-captioned case. To the extent any allegations are not expressly admitted herein, they are hereby denied. Pursuant to Fed. R. Civ. P. 8(b), any statement that Defendants are without knowledge or information sufficient to form a belief as to the truth of an averment shall have the effect of a denial. Each answer below corresponds to the numbered paragraph in Plaintiffs' Complaint.

ANSWERS AND OBJECTIONS

1. Denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

2. Denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations, except that Defendants admit that they have established a 401(k) plan that allows its employees to save their own dollars on a pre-tax basis in individual 401(k) accounts.

3. Denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations, except that Defendants admit that, all else remaining equal, lower annual investment returns will lead to lower accumulated savings.

4. Denied, except that Defendants admit that market fluctuations may affect 401(k) accounts' earnings and that 401(k) plans may charge administrative fees and expenses to participants.

5. Denied.

6. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied except that Defendants admit that employers cannot control general market fluctuations.

7. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied, except that Defendants admit that a Plan Administrator may perform or contract for certain services.

8. Admitted.

9. Denied.

10. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied, except that Defendants admit that Plaintiffs seek relief as class representatives on behalf of the Lockheed Martin Corporation Salaried Savings Plan under ERISA. Defendants deny that the Plaintiffs are entitled to the relief that they seek.

11. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied, except that Defendants admit that Plaintiffs seek relief as class representatives on behalf of the Lockheed Martin Corporation Hourly Employee Savings Plan Plus under ERISA. Defendants deny that the Plaintiffs are entitled to the relief that they seek.

12. Denied.

13. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, upon information and belief, the allegations in this paragraph are admitted.

14. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, upon information and belief, the allegations in this paragraph are admitted.

15. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, upon information and belief, the allegations in this paragraph are admitted.

16. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, upon information and belief, the allegations in this paragraph are admitted.

17. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, upon information and belief, the allegations in this paragraph are admitted.

18. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, upon information and belief, the allegations in this paragraph are admitted.

19. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, upon information and belief, the allegations in this paragraph are admitted.

20. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, upon information and belief, the allegations in this paragraph are admitted.

21. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations of the paragraph are denied, except that Defendants admit that Lockheed Martin Corporation is incorporated under Maryland law, that its headquarters is located in Bethesda, Maryland, that it is engaged in the research, design, development, manufacture, integration, and sustainment of advanced technology systems, products, and services, and that it has operations in aeronautics, electronics systems, space

systems, and information systems and global services. Defendants admit that Lockheed Martin Corporation has various facilities within the United States and abroad, including a facility located within the Southern District of Illinois, and that Lockheed Martin Corporation is qualified to do business in Illinois. Defendants further admit that Lockheed Martin Corporation is the Plan Administrator of the Salaried Savings Plan and of the Hourly Employee Savings Plan Plus, that the Plan Administrator is a named fiduciary of these two Plans, and that, as Plan Administrator, Lockheed Martin Corporation may appoint, remove, and replace certain third-party service providers that provide services to these two Plans.

22. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations of the paragraph are denied, except that Defendants admit that Lockheed Martin Investment Management Company (LMIMCo) is a wholly-owned subsidiary of Lockheed Martin Corporation that is a named fiduciary of the Salaried Savings Plan, the Hourly Employee Savings Plan Plus, and the Lockheed Martin Defined Contribution Plans Master Trust, that LMIMCo is responsible for the investment of Salaried Savings Plan and the Hourly Employee Savings Plan Plus assets, and that LMIMCo is responsible for the appointment, removal, and replacement of investment managers and the trustee. Defendants also admit that LMIMCo has the authority to establish funding and investment policies for the Salaried Savings Plan and the Hourly Employee Savings Plan Plus, to manage the assets of these Plans, to designate funds as investment funds, to add or delete investment funds, and to prescribe rules regarding the availability of investment funds.

23. No answer is required to the extent this paragraph calls for legal conclusions. Defendants admit that Plaintiffs allege they are seeking relief on behalf of the Plan through the

mechanisms found in ERISA § 409, 29 U.S.C. § 1109, and ERISA § 502, 29 U.S.C. §1132.

Defendants deny that Plaintiffs are entitled to the relief that they seek.

24. No answer is required as this paragraph calls for legal conclusions, and therefore it can neither be admitted nor denied.

25. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied except that Defendants admit that Lockheed Martin Corporation has a facility located with the Southern District of Illinois.

26. Denied, except that Defendants admit that Plaintiffs seek to bring this action pursuant to Rule 23 of the Federal Rules of Civil Procedure and that Plaintiffs seek to represent the Class set forth in this paragraph.

27. Denied, except that Defendants admit that Plaintiffs seek to bring this action pursuant to Rule 23 of the Federal Rules of Civil Procedure and that Plaintiffs seek to represent the Class set forth in this paragraph.

28. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied except that Defendants admit that, according to the Forms 5500 for the Salaried Savings Plan and the Hourly Employee Savings Plan Plus, there were 108,169 participants with account balances in the Salaried Savings Plan and 11,309 participants with account balances in the Hourly Employee Savings Plan Plus at the end of the 2004 plan year. Defendants deny that this case is appropriate for class treatment.

29. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied. Defendants deny that this case is appropriate for class treatment.

30. Defendants admit the allegations of paragraph 30 to the extent they refer to the Salaried Savings Plan and the Hourly Employee Savings Plan Plus.

31. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied, except that Defendants admit that the Salaried Savings Plan is a defined contribution plan, contains an employee stock ownership plan provision, and is a tax-qualified plan of the type popularly known as a “401(k) plan.”

32. Defendants admit the allegations of paragraph 32 to the extent they refer to the Hourly Employee Savings Plan Plus.

33. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegation in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations, except that Defendants admit that certain provisions of the federal Internal Revenue Code apply to the Plans.

34. Denied, except that Defendants admit that under the terms of the Salaried Savings Plan and the Hourly Employee Savings Plan Plus, qualified employees may contribute a percentage of their before-tax and after-tax earnings to be invested in the Plans. Defendants further admit that participants in the Salaried Savings Plan and the Hourly Employee Savings

Plan Plus are 100 percent vested in their accounts, including any matching contributions made by Lockheed Martin Corporation.

35. Denied, except that Defendants admit that each participant's account is credited with the participant's contributions, the participant's share of matching contributions, and the participant's account's earnings.

36. Denied, except that Defendants admit that the Plans' assets are held by the Defined Contribution Plans Master Trust.

37. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

38. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

39. Denied, except that Defendants admit that State Street Bank and Trust Company is the trustee for the Master Trust, that the Master Trust holds the assets of a number of Lockheed Martin Corporation's retirement plans, that the two largest plans within the Master Trust are the Salaried Savings Plan and the Hourly Employee Savings Plan Plus, that the various plans within the Master Trust share the services of record keepers and investment managers, and that fees for these services are allocated on varying bases.

40. Denied, except that Defendants admit that participants in the Salaried Savings Plan and the Hourly Employee Savings Plan Plus may choose to invest in numerous mutual funds offered by the Plans, that some of the mutual funds offered by the Plans are also available to other investors, and that the Plans offer participants the option to purchase institutional shares in some mutual funds.

41. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations, except that Defendants admit that participants in the Salaried Savings Plan and the Hourly Employee Savings Plan Plus may choose to invest in certain commingled funds, that the commingled funds offered through the Plans pool money from more than one investor and invest in different underlying securities, and that the commingled funds offered through the Plans are not available to retail customers.

42. Denied, except that Defendants admit that they offer an Aggressive Asset Allocation Fund, a Conservative Asset Allocation Fund, and a Moderate Asset Allocation Fund, that these funds of funds contain a mix of stocks, bonds, and short-term investments, and that these funds offer varying levels of investment risk.

43. Denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations, except that Defendants admit that the Stable Value Fund invests in U.S. Treasury bills, commercial paper, banker's acceptances and notes, savings bank deposits, commingled money market funds, other short-term fixed securities funds, and contracts with insurance companies known as "GICs" or "guaranteed investment contracts."

44. Admitted.

45. Admitted.

46. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

47. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

48. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

49. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

50. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

51. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

52. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

53. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

54. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

55. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

56. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

57. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

58. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

59. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

60. No answer is required because this paragraph calls for legal conclusions and therefore it can neither be admitted nor denied.

61. Denied, except that Defendants admit that they have entered into contracts with various service providers to provide services to the Salaried Savings Plan, the Hourly Employee Savings Plan Plus, and the Defined Contribution Plans Master Trust.

62. Denied, except that Defendants admit that certain fees for services provided to the Plans are paid from Defined Contribution Plans Master Trust assets.

63. Denied, except that Defendants admit that certain fees for services provided to the Plans are paid from Defined Contribution Plans Master Trust assets.

64. Denied, except that Defendants admit that certain fees for services provided to the Plans are paid from Defined Contribution Plans Master Trust assets.

65. Denied, except that Defendants admit that certain fees for services provided to the Plans are paid from Defined Contribution Plans Master Trust assets.

66. Denied, except that Defendants admit that certain payments to service providers are disclosed to government regulators and Plan participants and that CitiStreet received \$8,433,337 in fees in 2004.

67. Denied, except that Defendants admit that CitiStreet is paid for services that it provides to the Plans.

68. Denied.

69. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

70. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

71. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

72. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

73. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

74. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

75. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

76. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

77. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied, except that Defendants admit that the fees charged by its Funds do vary based on a number of factors.

78. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

79. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

80. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

81. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

82. No answer is required as this paragraph calls for a legal conclusion. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit.

83. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

84. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

85. No answer is required as this paragraph calls for a legal conclusion. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit.

86. Denied.

87. Denied.

88. Denied.

89. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

90. Denied.

91. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied.

92. Denied, except that Defendants admit that participants who invest in the Company Common Stock Fund own units of the Company Common Stock Fund.

93. Denied.

94. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied.

95. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

96. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

97. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

98. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

99. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

100. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

101. No answer is required as the allegations in this paragraph are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations, except that Defendants admit that, compared to other 401(k) Plan investment alternatives, the Lockheed Martin Employee Stock Fund has relatively low costs.

102. Denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

103. Denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

104. Denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

105. Denied, except that Defendants admit that participants who invest in the Company Common Stock Fund do not own shares of Lockheed Martin Corporation common stock and that such participants own units of the Company Common Stock Fund.

106. Admitted.

107. Denied.

108. Denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

109. Denied.

110. Denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

111. Denied, except that Defendants admit that cash investments do not earn dividends paid to Lockheed Martin Corporation stock and that the value of a cash investment does not directly change with changes in the value of Lockheed Martin Corporation common stock.

112. No answer is required because the paragraph sets forth no allegations, but rather posits a hypothetical scenario. No answer is required as the allegations are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit.

113. Denied, except that Defendants admit that participants who invest in the Company Common Stock Fund do not own shares of Lockheed Martin Corporation common stock and that such participants own units of the Company Common Stock Fund.

114. No answer is required because the paragraph sets forth no allegations, but rather posits a hypothetical scenario. No answer is required as the allegations are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit.

115. No answer is required to the extent that the paragraph does not set forth allegations, but rather posits a hypothetical scenario. No answer is required to the extent that the allegations are not specifically addressed to Defendants or to the facts and circumstances at issue in this lawsuit. To the extent a response is required, the allegations in this paragraph are denied, except that Defendants admit that there are fees and expenses that the Company Common Stock Fund charges to participants.

116. Denied, except that Defendants admit that the Company Common Stock Fund is an investment alternative offered to Plan participants and that it held cash as one of its assets.

117. Denied, except that, to the extent that the paragraph makes allegations about the investment performance of strangers to the company, the allegations are denied for lack of knowledge or information sufficient to form a belief as to the truth of the allegations.

118. Denied, except that Defendants admit that the value of a cash investment does not directly change with changes in the value of Lockheed Martin Corporation common stock.

119. Denied.

120. Denied

121. Denied.

122. No answer is required as this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

123. No answer is required as this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

124. Denied.

125. No answer is required to the extent this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

126. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied except that

Defendants admit that fiduciaries have certain disclosure obligations under ERISA and the case law applying it.

127. No answer is required to the extent this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

128. No answer is required to the extent this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

129. No answer is required to the extent this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

130. No answer is required to the extent this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

131. To the extent that Plaintiffs re-allege and incorporate paragraphs 1 through 130, Defendants re-allege and incorporate their Answers thereto.

132. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied.

133. No answer is required to the extent this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

134. Denied.

135. No answer is required to the extent this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

136. No answer is required to the extent this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

137. To the extent that Plaintiffs re-allege and incorporate paragraphs 1 through 136, Defendants re-allege and incorporate their Answers thereto.

138. Defendants admit that Plaintiffs seek relief pursuant to ERISA § 502(a)(3), 29 U.S.C. § 1132(a)(3), but deny that they are entitled to any such relief.

139. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied.

140. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied, except that Defendants admit that they are named as fiduciaries of the Plans.

141. No answer is required to the extent this paragraph calls for legal conclusions. To the extent a response is required, the allegations in this paragraph are denied

142. Denied.

143. No answer is required to the extent this paragraph calls for a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

144. Denied.

145. Denied.

146. No answer is required to the extent that the paragraph does not set forth allegations, but rather sets forth a request for relief. To the extent a response is required, Defendants admit that Plaintiffs seek the relief describing in this paragraph, but deny that they are entitled to any such relief.

147. No answer is required to the extent that the paragraph does not set forth allegations, but rather sets forth a request for relief. To the extent a response is required, Defendants admit that Plaintiffs seek the relief describing in this paragraph, but deny that they are entitled to any such relief.

148. No answer is required to the extent that the paragraph does not set forth allegations, but rather sets forth a request for relief. To the extent a response is required, Defendants admit that Plaintiffs seek the relief describing in this paragraph, but deny that they are entitled to any such relief.

149. No answer is required to the extent that the paragraph does not set forth allegations, but rather sets forth a request for relief. To the extent a response is required, Defendants admit that Plaintiffs seek the relief describing in this paragraph, but deny that they are entitled to any such relief.

Defendants deny that Plaintiffs are entitled to any of the relief that they seek on pages 38-39 of the Complaint, and deny that Plaintiffs are entitled to a trial by jury.

AFFIRMATIVE DEFENSES

The statement of any defense hereinafter does not assume the burden of proof for any issue as to which applicable law places the burden upon Plaintiffs.

1. Plaintiff's Complaint fails to state a claim upon which relief can be granted.
2. Plaintiffs' claims are barred, in whole or in part, by the applicable statute of limitations and/or statute of repose.
3. Plaintiffs' claims are barred, in whole or in part, by the doctrines of laches, waiver, and/or estoppel.
4. Plaintiffs' claims are barred, in whole or in part, by their lack of standing to seek monetary damages.
5. The claims of any Plaintiff or putative class member who is not a participant in one of the Plans are barred for lack of standing, including certain members of the purported classes who are not participants or beneficiaries as defined by ERISA § 3, 29 U.S.C. § 1002, insofar as they have received lump sum distributions of their entire account balances from the relevant defined contribution plans.
6. Plaintiffs' claims are barred, in whole or in part, to the extent that Plaintiffs exercised independent control over their Plan accounts.
7. Plaintiffs have failed to exhaust their administrative remedies.
8. Neither Plaintiffs nor the Plans suffered a loss as a result of the actions or inactions of Defendants.
9. Plaintiffs' claims are barred, in whole or in part, by application of ERISA § 404(c), 29 U.S.C. § 1104(c).

10. To the extent that Plaintiffs assert claims under ERISA § 406, 29 U.S.C. § 1106, their claims are barred, in whole or in part, pursuant to ERISA § 408, 29 U.S.C. § 1108, because the Plans' service providers received no more than reasonable compensation.

11. Plaintiffs' claims are barred, in whole or in part, because the Complaint does not seek plan-wide relief, and thus cannot be brought under ERISA §§ 409 and 502(a)(2), 29 U.S.C. §§ 1109 and 1132(a)(2) , and it does not seek the type of appropriate equitable relief allowed by ERISA § 502(a)(3), 29 U.S.C. § 1132(a)(3).

12. The claims of any Plaintiff who has executed a waiver or release of claims against any or all of the Defendants are barred.

13. Insofar as the Complaint purports to allege claims of breach of fiduciary duty as a result of misrepresentations, the averments of the circumstances constituting the alleged fraud or mistake have not been alleged with the requisite particularity required by Federal Rule of Civil Procedure 9(b).

14. Any losses alleged by Plaintiffs were not caused by any alleged breach of fiduciary duty by Defendants, but resulted from economic causes and events not related to any alleged breaches of fiduciary duty and from matters over which Defendants had no control.

15. Any losses alleged by Plaintiffs were not caused by any fault, act, or omission by Defendants, but were caused by circumstances, entities or persons, including Plaintiffs, for which Defendants are not responsible and cannot be held liable.

16. To the extent Plaintiffs have stated a claim on which relief can be granted, Plaintiffs have proximately caused, contributed to, or failed to mitigate any and all losses claimed by them.

17. Defendants are exculpated from the liability asserted in the Complaint by ERISA § 404(a)(2), 29 U.S.C. § 1104(a)(2).

18. Plaintiffs' attempts to use ERISA fiduciary duties to expand the disclosure obligations under the federal securities laws and/or to impose liability arising out of disclosures made or disseminated under the federal securities laws is barred by ERISA § 514(d), 29 U.S.C. § 1144(d).

19. Plaintiffs' claims are barred, in whole or in part, because advisory fees paid by investment companies are governed not by ERISA but by the Investment Company Act of 1940, as amended, and because Plaintiffs seek relief that is not available under ERISA.

20. Additional facts may become known during the course of discovery and investigation that will support affirmative defenses that are currently unknown to Defendants. To preserve such defenses, Defendants hereby incorporate by reference all of the affirmative defenses set forth in Fed. R. Civ. P. 8(c) and reserve the right to assert additional affirmative defenses as discovery proceeds.

By: s Patrick J. Kenny
James G. Martin ILL Bar No. 6187143
Patrick J. Kenny ILL Bar No. 6220369
ARMSTRONG TEASDALE LLP
One Metropolitan Square
Suite 2600
St. Louis, MO 63102-2740
(314) 621-5070 (phone)
(314) 621-5065 (facsimile)

Robert P. Davis
Michael E. Lackey, Jr.
Brad P. Rosenberg
MAYER, BROWN, ROWE & MAW LLP
1909 K Street N.W.
Washington, DC 20006
(202) 263-3000 (phone)
(202) 263-3300 (facsimile)

Date: August 27, 2007

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF ILLINOIS

ANTHONY ABBOTT, <i>et al.</i> ,)
)
Plaintiffs,)
)
v.) Case No. 3:06-cv-701-MJR-DGW
)
LOCKHEED MARTIN CORPORATION and)
LOCKHEED MARTIN INVESTMENT)
MANAGEMENT COMPANY,)
)
Defendants.)

CERTIFICATE OF SERVICE

I hereby certify that on August 27, 2007, I electronically filed the foregoing Answer and Affirmative Defenses using the CM/ECF system, which will send notification of such filing to the following:

Jerome J. Schlichter, Esq.
Elizabeth J. Hubertz, Esq.
Troy A. Doles, Esq.
Schlichter, Bogard & Denton
120 W. Main Street
Suite 208
Belleville, IL 62220

100 S. Fourth Street
Suite 900
St. Louis, MO 63102

ARMSTRONG TEASDALE LLP

BY: /s Patrick J. Kenny
James G. Martin ILL Bar No. 6187143
Patrick J. Kenny ILL Bar No. 6220369
One Metropolitan Square, Suite 2600
St. Louis, MO 63102-2740
(314) 621-5070
(314) 621-5065 (facsimile)
jmartin@armstrongteasdale.com
pkenny@armstrongteasdale.com