Corporate Headquarters  
Corporate Policy Statement CPS-417  
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**Business Travel**

[Arranging Travel](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#arr) | [Business Travel Standards](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#bus) | [Reporting Travel Expenses](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#rep) | [Accounting for Travel Expenses](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#acc) | [General Applicability Statement](http://policy.global.lmco.com/p3/lockmart/cps/structure/cps-app.html)

**1.0 Policy**

Lockheed Martin will reimburse employees for necessary, actual, and reasonable business travel expenses.

**2.0 Applicability**

This policy applies to business trips of up to 30 calendar days. It does not apply to temporary/extended duty or relocation travel. See [CPS-541](http://policy.global.lmco.com/p3/lockmart/cps/hr/cps-541.html), Temporary/Extended Duty Assignment in the United States, [CPS-538](http://policy.global.lmco.com/p3/lockmart/cps/hr/cps-538.html), Relocation to a New Work Location in the United States, or [CPS-539](http://policy.global.lmco.com/p3/lockmart/cps/isr/cps-539.html), Transfer of Employees-Nondomestic Assignment.

**3.0 Definitions**

*Business Meal* – A meal with other attendees for the purposes of conducting Lockheed Martin business.

*Designated Travel Approver (DTA)* – Employee(s) authorized by the element's senior Finance executive to approve exceptions to business travel expenses when permitted by policy. The Finance executive will provide the list of DTAs to the organization that processes the element's travel expense reports.

*Elected Officer* – An officer of Lockheed Martin Corporation elected by its Board of Directors.

*Expense Report Approver* – The traveler's supervisor, or other person authorized to approve the traveler's expense reports. The approver must have the ability to meaningfully review and question the traveler's expense report as necessary and to effectively enforce the provisions of this policy. Indicators of such ability may include the approver holding a sufficiently high (though not necessarily senior) level position relative to the traveler, or the approver's role as a member of a compliance, audit, or similar functional department.

*Lowest Logical Airfare* – The lowest fare available that meets the business objectives of the trip. The range of available fares is in the [Travelocity Business® on-line booking tool](https://lmtravel.global.lmco.com), which searches for all flights that depart or arrive within two hours of the traveler’s requested departure or arrival time.

*Reasonable* – While a precise definition of "reasonable," is not possible, by applying sound business judgment to various indicators–such as economy, business objectives, facts and circumstances, necessity, and availability of alternatives–an opinion can be formed as to the action or cost a prudent person could have reasonably been expected to take or incur under similar circumstances. Employees and their supervisors are responsible for properly assessing and applying these criteria. The element's senior management is responsible for adjudicating reasonability matters.

*Subsistence Meal* – A meal that is not a business meal.

*Supervisor* – Your immediate supervisor at the manager level or higher.

*Vice President (VP)* – For the purposes of this policy, includes VPs and non-Elected Officer presidents, regional international presidents, general counsels, associate general counsels, and corporate assistant treasurers.

**4.0 General**

4.1 As a Lockheed Martin employee, your business travel must comply with the applicable laws and regulations; customer requirements; the Lockheed Martin [Code of Ethics & Business Conduct](http://ethics.corp.lmco.com/ethics/standard.html), Setting the Standard; and the applicable policies and procedures, including but not limited to [CPS-005](http://policy.global.lmco.com/p3/lockmart/cps/isr/cps-005.html), International Operations and Services, [CPS-008](http://policy.global.lmco.com/p3/lockmart/cps/ethics/cps-008.html), Gifts, Gratuities, and Other Business Courtesies, [CPS-418](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-418.html), Business Meetings and Entertainment, [CPS-540](http://policy.global.lmco.com/p3/lockmart/cps/hr/cps-540.html), Intermittent Duty Travel, [CPS-571](http://policy.global.lmco.com/p3/lockmart/cps/hr/cps-571.html), Travel or Assignment to Elevated Risk Locations, [CPS-710](http://policy.global.lmco.com/p3/lockmart/cps/legal/cps-710.html), Protection of Sensitive Information, and [CPS-730](http://policy.global.lmco.com/p3/lockmart/cps/legal/cps-730.html), Compliance with the Foreign Corrupt Practices Act.

4.2 You should consider audio/video conferencing and other reasonable alternatives to business travel to help reduce Lockheed Martin’s travel expenditures. When travel is appropriate, you must conduct your travel activities in as economical a manner as practical, consistent with achieving the desired business objectives. This includes:

* Using the Lockheed Martin Travel Card; [Travel Agency](https://lmtravel.global.lmco.com); and the [LM TravelSource](https://lmtravel.global.lmco.com) travel portal, which provides access to the [Travelocity Business on-line booking tool](https://lmtravel.global.lmco.com) and suppliers of airline, hotel, rental vehicle, and other travel services. Remote domestic and international field offices and other locations that do not have access to the Travel Agency must obtain written approval to use a local travel agency from the Corporate Travel Services Director. Travel arrangements made through local travel agencies must comply with this policy.
* Seeking the most cost-effective travel arrangements possible. Use the [Travelocity Business on-line booking tool](https://lmtravel.global.lmco.com) or, when contacting the Travel Agency by phone, accept the travel arrangements it offers, unless an exception is permitted by this policy or business objectives warrant otherwise.
* Ensuring that your business travel expenses are reasonable. Travel expenses must not be lavish and must meet our standards for propriety and reasonableness. If unsure whether an expense is appropriate, consult the DTA before incurring the expense.

4.3 You are responsible for charging your time in accordance with local charging practices while on business travel.

4.4 Failure to comply with these standards may subject your travel expenses to further review. Your travel expenses may not be reimbursed in such cases.

4.5 If you make multiple trips to the same U.S. location on one assignment for a total of more than 30 (consecutive or nonconsecutive) calendar days in a calendar year, state income tax may be withheld from wages earned in the remote location. See [CPS-540](http://policy.global.lmco.com/p3/lockmart/cps/hr/cps-540.html), or consult with Human Resources.

4.6 Lockheed Martin recommends that you consult the Cost Principles Compliance Manual ([U.S.](http://lmcmc.global.lmco.com/lmcmc/jsp/home.jsp?orgNavId=1&assetCollectionId=72)) ([Outside U.S](http://lmcmc.global.lmco.com/lmcmc/unprotected/view_change_notices.jsp).) and Controller's Manual Statement [CMS-690](http://policy.global.lmco.com/p3/lockmart/corpfunctional/corpcontrollr/cms690.htm), Costs Excluded from U.S. Government Contracts, or the DTA, to ensure that your business travel and reimbursements comply with government cost allowability and income tax requirements.

**5.0 Arranging Business Travel**

5.1 Obtain your supervisor’s concurrence with the need to travel, review the relevant business travel standards in section [6.0](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#bus), then make your travel arrangements in the [Travelocity Business on-line booking tool](https://lmtravel.global.lmco.com). Use your Travel Card to reserve or guarantee and pay for all individual business travel expenses.

Notes:

* If the [Travelocity Business on-line booking tool](https://lmtravel.global.lmco.com) is not available or a trip outside the U.S. has more than one destination, make all travel reservations through the Travel Agency.
* Make Amtrak train reservations using the [Travelocity Business on-line booking tool](https://lmtravel.global.lmco.com) and your Travel Card. If U.S. train reservations other than Amtrak are required, make the train reservations through the Travel Agency.
* If travel reservations are required for guests who have been approved to accompany you on the business trip, make the guest travel reservations through the Travel Agency, either online or by calling an agent. See paragraphs [6.69 and 6.70](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#gue) for more information about guest travel.
* If you will travel internationally but do not book your travel through the [Travelocity Business on-line booking tool](https://lmtravel.global.lmco.com), you must register your travel and contact information under "Personal Travel Registration" in [LMPeople](https://lmpeople.lmco.com/LMPeople_Home.aspx) or [LM TravelSource](https://lmtravel.global.lmco.com).

5.2 Contact the Travel Agency to change travel arrangements before or during the trip.

**6.0 Business Travel Standards**

6.1 This section explains Lockheed Martin’s business travel standards and the limited circumstances under which exceptions may be granted. Most exceptions require the DTA’s approval, which must be obtained in writing and in advance when practical and submitted with your expense report (section [7.0](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#rep)).

Standard Class of Air Travel

6.2 Lockheed Martin’s standard class of air travel is the lowest nonrefundable coach class, meeting mission requirements, on a Lockheed Martin-approved airline available at the time the ticket is purchased. You are required to use this class of air travel unless the lowest available airfare at the time of booking is a refundable coach fare.

Exceptions: In certain situations, listed below, the lowest logical airfare may be a non-standard, refundable coach class ticket. The purchase of such a ticket requires approval by the DTA, who may approve such a purchase only when it is for one of these reasons:

* The nonrefundable flight requires circuitous routing.
* The nonrefundable flight involves unreasonable travel hours.
* The nonrefundable flight involves excessively prolonged travel.
* The increased cost of the ticket is offset by other transportation savings.
* The nonrefundable flight does not meet the physical or medical needs of the traveler.
* A nonrefundable ticket is not reasonably available to meet mission requirements.

6.3 You must not fly first class or business class or choose more costly flights based on frequent flyer program preferences, aircraft type, upgrade opportunities, or for any other reason unless authorized in accordance with this section. You may, however, choose to incur an additional charge where applicable for the sole purpose of obtaining an advance seat assignment, or preferred boarding in cases where seats are not assigned, to ensure boarding on booked flights and avoid potential disruption of travel plans. Reimbursement of such charges must be approved by the DTA. You will not be reimbursed for other discretionary upgrades for purposes such as added legroom or obtaining an exit row seat unless approved by the DTA in accordance with paragraph [6.13](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#nonmed).

General Exceptions–Air Travel

6.4 You may use a non-approved airline only when the approved airlines do not service the business destination or meet business and schedule requirements.

6.5 You are not required to accept flights scheduled to depart before 7:00 a.m. local time or arrive later than 9:00 p.m. local time, unless there is no practical alternative.

6.6 You may accept a higher fare on a non-stop flight (no stopovers) on an approved airline over a lower fare on a direct flight (stopover with no change of airplane) or a single connection flight (stopover with a change of airplane) on an approved airline. However, if a non-approved airline offers a non-stop flight and an approved airline can offer only a direct or single connection flight, then you must choose the direct or single connection flight offered by the approved airline rather than the non-stop flight offered by the non-approved airline.

6.7 You are not required to fly on propeller-driven aircraft, unless there is no practical alternative.

6.8 You may accept complimentary upgrades, so long as no additional cost is incurred above the lowest logical airfare.

Air Travel Upgrades for Medical Reasons

6.9 The Medical department may approve an upgrade to business class or first class for medical reasons when supported by an appropriate physician's written medical justification. In lieu of business class or first class service, a second coach class seat may be substituted for an upgrade in class if this addresses the medical need. If the element does not have a Medical department, then Human Resources may designate a reviewer who has received training in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to approve requests for medical upgrade.

6.10 To request approval, submit the request for upgrade and your physician's written medical justification to the Medical department or other designated reviewer, who will determine whether the upgrade is reasonable and necessary under the circumstances. The Medical department or other designated reviewer will assign an expiration date, which must not be later than one year following the date of approval, with the option to grant permanent upgrades to employees with permanent disabilities. The Medical department or other designated reviewer will provide the approval to you, your supervisor, the organization that processes your element's expense reports, and the Travel Agency. The Travel Agency will include the approval in your travel profile.

6.11 If the approved upgrade includes an expiration date, then the Medical department or other designated reviewer will review the upgrade before it expires and determine whether to renew it. You may be required to provide additional information needed to make this decision.

Air Travel Upgrades for Non-Medical Reasons

6.12 In some circumstances an airline gate agent may require a traveler to purchase a second seat based on aircraft limitations and passenger size requirements. In these situations the traveler may purchase the additional seat and this expense will be reimbursed. The traveler should request documentation from the gate agent stating that the second seat purchase was deemed necessary, and provide the documentation as backup to the traveler's expense report submittal for DTA approval.

6.13 The DTA may approve an upgrade on a limited case-by-case basis for non-medical reasons when justified. The DTA will specify any limitations or conditions that apply to the approved upgrade (for example, applies to flights over five hours only) and assign an expiration date, which must not be later than one year following the date of approval. The DTA will provide the approval to you, your supervisor, the organization that processes the element's expense reports, and the Travel Agency. The Travel Agency will include the approval in your travel profile.

6.14 The DTA will review the upgrade before it expires and determine whether to renew it. You may be required to provide additional information needed to make this decision.

Air Travel Upgrades for Emergency or Business Critical Situations

6.15 The DTA may approve an upgrade to business class (or first class if business class is not available) in an emergency or to fulfill an unexpected urgent or critical business need. Submit the DTA’s approval and justification for the upgrade, including arrival and report to work times, with your expense report.

Air Travel Upgrades for Travel outside the United States

6.16 The DTA may approve an upgrade to business class or equivalent for international business travel, both over water and between two locations outside the U.S. The DTA may approve an upgrade on an ongoing basis for frequent international travelers, or on a case-by-case basis for infrequent international travelers.

6.17 When determining whether to approve the request for upgrade, the DTA will consider safety, business need, whether travel accommodations and terminal facilities are substandard or marginal when compared with U.S. standards, and government cost allowability requirements. See Cost Principles Compliance Manual [31.205-46](http://policy.global.lmco.com/p3/lockmart/corpfunctional/cpcm/31-205-46.doc), Travel Costs. Submit the DTA's approval with your expense report.

Executive Air Travel

6.18 Elected Officers and business unit Presidents may fly first class at all times. The number of Elected Officers on the same flight should be kept to a minimum.

6.19 VPs may fly business class or upgradeable coach class (so-called “Y-UP” class or similar designation) at all times. If neither is available, use coach class.

Personal Stopover

6.20 With your supervisor’s advance approval, you may make a personal stopover–a destination in addition to the business destination. Obtain a written quotation of the lowest logical airfare from the [Travelocity Business on-line booking tool](https://lmtravel.global.lmco.com) or the Travel Agency when you make your original reservations, and submit it with your expense report. You will be reimbursed for the actual ticket cost or the lowest logical airfare, whichever is lower.

Saturday Night Stay-Over

6.21 With your supervisor’s advance approval you may make a Saturday night stay-over–an earlier trip start date or extended trip completion date to take advantage of a lower air fare by staying over a Saturday night. You are expected to remain in the same business lodging site or general location where business was conducted. You may move a reasonable distance if the business lodging site is unavailable. With your supervisor’s advance approval, you may move a reasonable distance for convenience, or to be near the airport for an early morning flight, or to obtain significant business-related cost savings. Lodging changes will be reimbursed at the business or actual lodging site cost, whichever is lower, subject to the 90% savings threshold in the following paragraph. Travel costs associated with the Saturday night stay-over will not be reimbursed if you move an unreasonable distance from the general business location or to a resort destination.

6.22 You will be reimbursed for necessary, actual, and reasonable earlier or extended trip expenses incurred in the same general business location, up to 90% of the documented airfare savings. Include documentation of your savings with your expense report. This reimbursement applies to expenses incurred on normal weekend, personal flex time (such as a 9/80 work schedule), or equivalent normal days off. It does not apply to expenses incurred on vacation or personal days taken. See paragraph [7.5](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#vac).

Fly America Act

6.23 In accordance with the "Fly America Act," non-U.S. air travel (including travel between two locations outside the U.S.) by personnel who directly charge to a U.S. government contract will be via U.S. flag carriers when available. An exception will be made only for reasons specified in [FAR 47.403](https://www.acquisition.gov/far/current/html/FARTOCP47.html#wp226845) and only when certified by the Travel Agency in accordance with [FAR 52.247-63](https://www.acquisition.gov/far/current/html/52_247.html#wp1156201). “Code-share” airfare (air travel on a non-U.S. airline booked by a U.S. airline) fulfills Lockheed Martin’s obligation and the intent of the Fly America Act. Your itinerary or expense report must contain evidence that the Code-share airfare was booked via the domestic U.S. airline.

Tickets

6.24 If you purchase tickets 30 calendar days or more before the travel date, you should submit an expense report for the tickets before you travel to ensure timely settlement of your monthly Travel Card invoice, followed by a supplemental expense report after the trip for your remaining travel expenses. See paragraph [7.11](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#del).

6.25 Airline regulations require travelers to use electronic tickets when available. A paper ticket will be issued only when the itinerary does not qualify for an electronic ticket or when the ticket is issued in a country where electronic ticketing is not standard practice. If you request a paper ticket when an electronic ticket is available, the paper ticket charge will not be reimbursed.

6.26 Back-to-back ticketing, hidden city ticketing, and other practices that are intended to circumvent an airline's fare structure or violate airline tariff regulations are prohibited. Any penalty charges received from an airline for such practices will not be reimbursed.

6.27 “Back-to-Back Ticketing” is the combination of two or more round-trip nonrefundable fares, end-to-end, where only one segment from each ticket is used, such that the individual benefits from the lower cost airfare associated with a Saturday night stay-over without staying-over. For example: A traveler wants to fly from Baltimore to Denver and back within the workweek. He purchases two round-trip tickets in opposite directions. The combined fare for these trips is less than a single round-trip fare that does not bridge a weekend. Trip 1 goes from Baltimore > Denver > Baltimore, departing Wednesday and returning Tuesday. Trip 2 goes from Denver > Baltimore > Denver, departing Friday and returning Tuesday. The traveler uses only the first segments of trips 1 and 2, flying to Denver on Wednesday and returning to Baltimore on Friday of the same week.

6.28 “Hidden City Ticketing” is the purchase of a ticket from a point before the passenger's actual origin or to a point beyond the passenger's actual destination, such that the individual benefits from the lower cost of the multiple destination ticket. For example: A traveler wants to fly from Baltimore to Denver. She purchases a Baltimore > Denver > Los Angeles ticket that is less expensive than any Baltimore > Denver ticket available, then uses only the first segment (Baltimore > Denver) of the trip.

Alternate Airports

6.29 Alternate airports in major metropolitan areas should be considered for cost savings opportunities, if approved airlines have scheduled service at those alternate airports.

Piloting Aircraft

6.30 In accordance with [CPS-526](http://policy.global.lmco.com/p3/lockmart/cps/hr/cps-526.html), Corporate Aircraft, employees are not permitted to pilot personal or chartered airplanes while on Lockheed Martin business.

Using a Personal Vehicle and En Route Lodging instead of Air Travel

6.31 With your supervisor’s advance approval, you may use your personal vehicle and en route lodging instead of air travel. Obtain a written quotation of the lowest logical airfare from the [Travelocity Business on-line booking tool](https://lmtravel.global.lmco.com) or the Travel Agency when you make your original reservations, and submit it with your expense report. You will be reimbursed for actual vehicle use at the applicable mileage allowance (paragraphs [6.45-6.47](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#per)), plus necessary, actual, and reasonable expenses for lodging and meals; or the lowest logical airfare plus car rental at the destination, whichever is lower.

Lost or Delayed Luggage and Delayed Flights

6.32 If your luggage has been delayed or lost by the airline or you experience delayed flights due to weather or other circumstances and you incur expenses as a result, you must file a claim for reimbursement with the airline and, in the case of lost luggage, with the Travel Card provider. With the DTA’s approval, Lockheed Martin will reimburse expenses for clothing or incidentals not reimbursed by those parties, up to a maximum of $75 under ordinary circumstances. The DTA may approve a higher amount only when extenuating circumstances exist, for example in the case of international travel. Submit the following documentation with your expense report:

* The facts pertaining to the delayed or lost luggage or delayed flight.
* Proof of claims filed with the airline (and the Travel Card provider, when applicable). If proof of claims is not available, provide an explanation to support the absence of such claims.
* A statement showing any amount reimbursed.
* Receipts for the clothing or incidentals purchased.
* The DTA’s approval.

6.33 Expenses related to lost or delayed luggage are unallowable for government cost recovery purposes. See the Cost Principles Compliance Manual ([U.S.](http://lmcmc.global.lmco.com/lmcmc/jsp/home.jsp?orgNavId=1&assetCollectionId=72)) ([Outside U.S](http://lmcmc.global.lmco.com/lmcmc/unprotected/view_change_notices.jsp).) and [CMS-690](http://policy.global.lmco.com/p3/lockmart/corpfunctional/corpcontrollr/cms690.htm).

Other Airline Charges

6.34 The following airline charges will be reimbursed if reasonable under the circumstances:

* Onboard Wi-Fi.
* Onboard meals if used as the traveler's subsistence meal.
* Checked or carry-on bag fees consistent with the duration and business purpose of the trip.

Train Travel

6.35 Domestic and international train travel will be reimbursed at the most economical rate practical, available, and at the lowest customary standard coach fare. Business class may be used if coach rail service is unavailable, for example, when business class and first class are the only two classes of service offered on a particular train. The same requirements that apply to air travel upgrades also apply to train travel upgrades.

Rental Vehicle

6.36 Except as noted below, you must not use a car class larger than a full size rental vehicle (when available) from a Lockheed Martin-approved vehicle rental agency (when available). Reimbursement for a rental vehicle that is larger than full size requires the DTA’s approval.

6.37 A group of four or more employees may use a rental vehicle that is larger than full size without the DTA’s approval. The employee incurring the expense must identify the other travelers on the expense report.

6.38 A rental vehicle that is larger than full size may be approved for medical or non-medical reasons. The same requirements that apply to medical/non-medical air travel upgrades also apply to medical/non-medical rental vehicle upgrades. See paragraphs [6.9-6.11](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#med) (medical upgrade) or [6.13-6.14](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#nonmed) (non-medical upgrade).

6.39 The rental vehicle should not include extra equipment or services such as navigation devices, cell phones, or Wi-Fi services. Lockheed Martin will not reimburse rental, usage, or replacement charges for such equipment and services.

Exception: Navigation devices are permitted in vehicles rented outside the U.S. Rental and usage charges will be reimbursed.

6.40 If the vehicle is rented in the U.S., decline all optional insurance. This requirement applies irrespective of the vehicle rental agency used. If the vehicle is rented in any country other than the U.S.:

* Decline all optional coverage, unless the country requires you to accept insurance before it will rent the vehicle.
* Do not make changes to the type of car reserved. Doing so will void Lockheed Martin's insurance coverage.

Note: Insurance coverage for your personal items is not provided. Your personal items may be covered under your personal automobile or homeowners/renters insurance policies. You should consult those policies for recovery in the event of loss.

6.41 You must comply with the vehicle rental agreement and should review it to understand your responsibilities, especially regarding accidents. See [LM TravelSource](https://lmtravel.global.lmco.com) for instructions on providing proof of insurance, reporting accidents, filing claims, and related subjects.

6.42 When possible, refuel the rental vehicle before turning it in at the rental drop-off location.

6.43 Do not accept frequent flyer points offered by the vehicle rental agency. They impose an additional charge for this service that will not be reimbursed.

Taxi and Shuttle Service

6.44 You may use a taxi or complimentary hotel shuttle.

Personal Vehicle

6.45 If you use your personal vehicle for business travel in the U.S., you will be reimbursed for actual vehicle use based on a mileage allowance, which will be the current standard mileage rate defined by the Internal Revenue Service (IRS) or the applicable collective bargaining agreement. The IRS standard mileage rate typically is established annually, and can be determined from Publication 463, Travel, Entertainment, Gift, and Car Expenses, and periodic updates announced in press releases or other publications on the IRS [website](http://www.irs.gov/).

6.46 Enterprise Business Services-International Services can provide mileage allowances for personnel assigned to non-U.S. locations who use personal vehicles for company business.

6.47 Lockheed Martin will not reimburse any personal vehicle use costs other than the allowance. For example, gasoline expenses are included in the allowance and must not be submitted separately for reimbursement or charged to the Travel Card.

6.48 You must carry at least the minimum state or in-country mandated legal insurance limits if you use a personal vehicle for company business. You will be responsible for any physical damage to, theft, or loss of the vehicle. Use your judgment as to the appropriate additional coverage and limits.

Lodging

6.49 You must stay at a Lockheed Martin-approved hotel, when available, and book the Lockheed Martin rate. If your business destination is in the Bethesda, Rockville, Gaithersburg, or Germantown, Maryland area, you must stay at the Center for Leadership Excellence, co-located with Corporate Headquarters, if space is available.

6.50 Do not consider hotel frequent guest programs when selecting hotels.

6.51 If you stay with family or friends while on business travel, Lockheed Martin will reimburse a lodging allowance of up to $15 per day to offset costs incurred by your family or friends.

Meals and Incidentals

6.52 Meals will be reimbursed unless reimbursement is prohibited by this policy, law, or regulation. See paragraph [7.8](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#ove) for rules that apply to subsistence meals associated with business travel not including an overnight stay.

Note: Alcoholic beverage expenses incurred in connection with subsistence meals will not be reimbursed. Alcoholic beverage expenses incurred in connection with business meals may be reimbursed with the approval of a DTA. Such approval should be requested in writing and in advance when practical. You must document on your expense report the amount of the alcoholic beverage expenses, the names and business relationship of the attendees, and the business purpose or topic of discussion.

6.53 Lockheed Martin will reimburse other reasonable and necessary incidental business travel expenses, such as tips and laundry/dry cleaning (trips over one workweek for domestic travel, over three days for international travel, and trips extended for business reasons). See paragraph [6.86](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#exp) for the list of expenses that will not be reimbursed.

International Travel

6.54 International travelers should review the security alerts in the Security Trip Planner in [LMPeople](https://lmpeople.lmco.com/LMPeople_Home.aspx) or [LM TravelSource](https://lmtravel.global.lmco.com)**.**

6.55 International travelers must review the [Country Security Assessment Rating (CSAR) website](http://worldcue.ijet.com/tic/CSAR.public?format=html-linked&sortdesc=yes&total=yes&affiliate=lockheed+martin&rating=1&range=yes&sort=rating) for the location(s) to be visited. If your destination country or city has a [CSAR](http://worldcue.ijet.com/tic/CSAR.public?format=html-linked&sortdesc=yes&total=yes&affiliate=lockheed+martin&rating=1&range=yes&sort=rating) rating value of 4 or 5, it is an elevated risk location and you must obtain business area approval before traveling there. See [CPS-571](http://policy.global.lmco.com/p3/lockmart/cps/hr/cps-571.html).

Note: If your destination has different city and country rating values, you must use the higher of the two values when determining whether your destination is an elevated risk location requiring business area approval. For example: your destination city is Baku in Azerbaijan. Baku has a rating value of 3, Azerbaijan has a rating value of 4. Because Azerbaijan has a rating value of 4, you must obtain business area approval before traveling to Baku.

6.56 International travelers must notify the appropriate Regional VP and Corporate Strategy & Business Development in advance, as required by [CPS-005](http://policy.global.lmco.com/p3/lockmart/cps/isr/cps-005.html). This notification will happen automatically if you book your travel through the [Travel Agency](https://lmtravel.global.lmco.com).

6.57 International travelers must review the International Services [Special Country List.](https://hrss.external.lmco.com/hrss/benefits/site/ihrlist.doc) If you plan to travel to a country on the International Services Special Country List, you must consult in advance with International Services, who will assess the tax and immigration consequences of the trip. In some cases even a short trip to a country on the International Services Special Country List may trigger tax liabilities for you or Lockheed Martin, or require you to obtain a work permit or special business visa before entering the country.

6.58 If you expect to make frequent business trips to the same country during a 12-month period, consult with International Services in advance. Multiple business trips to the same country during a 12-month period may be categorized as a non-domestic assignment, not business travel.

6.59 International travelers must take "International Travel Security Awareness–Baseline Training" every two years. The course is available in [LM TravelSource](https://lmtravel.global.lmco.com), in the Learner's Desktop in [LMPeople](https://lmpeople.lmco.com/LMPeople_Home.aspx), or on DVD from business area Security.

6.60 International travelers are encouraged to register with the home country embassy or country representative office when traveling abroad. For example, a U.S. citizen should register with the U.S. Embassy through the U.S. State Department's [travel registration website](https://travelregistration.state.gov) so the State Department can communicate with the traveler in an emergency.

6.61 If you are briefed for access to U.S. government Sensitive Compartmented Information (SCI) and/or Special Access Programs (SAP), you must report your international travel via the applicable agency- or program-approved forms, available from the Security office of the organization holding the accesses. In some cases, additional post-travel reporting will be required. The Security office will provide the reports to the cognizant U.S. government agencies.

6.62 If you are a U.S. Person and require a passport or visa, you must use a Lockheed Martin-approved passport/visa company.

6.63 If a vaccination is required to obtain entrance to a country for business travel, the cost of the vaccination will be reimbursed.

6.64 If you are a U.S. Person and intend to take a laptop or other portable computer on business travel to a foreign country, you must obtain written authorization from an [Export Compliance Coordinator](https://eclps1.global.lmco.com/CEIO_eicc.asp?r=ec) before leaving the U.S.

6.65 If you intend to take a laptop or other portable computer on business travel outside the U.S., you should register the laptop or other portable computer with U.S. Customs and Border Protection via a "Certificate of Registration" (Customs Form 4457), so that you will not have to pay duty on the registered item upon return to the U.S. The Certificate may be obtained from a U.S. Customs and Border Protection office at the nearest international airport. The Certificate will remain valid for re-importation of the registered portable computer as long as it is legible. See the U.S. Customs and Border Protection [website](http://www.cbp.gov/xp/cgov/travel/clearing/) for instructions.

6.66 Hospitality provided to officials or employees of foreign governments, agencies, or instrumentalities must comply with the hospitality guidelines in [CPS-730](http://policy.global.lmco.com/p3/lockmart/cps/legal/cps-730.html), and the [Hospitality Rules for Foreign Officials](http://legal.global.lmco.com/legal/leg02/hospitality.doc) published by corporate Legal.

6.67 Lockheed Martin contracts with an [emergency medical services firm](http://www.internationalsos.com/members_home/login/clientAccess.cfm?CustNo=11BCMA000181) to provide international travelers with medical assistance, including referrals, admittance assistance and, where medically necessary, evacuation. Contact the [emergency medical services firm](http://www.internationalsos.com/members_home/login/clientAccess.cfm?CustNo=11BCMA000181) when medical assistance is required.

6.68 Other business travel standards in this section [(6.0](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#bus)) apply to international travel, such as the Fly America Act (paragraph [6.23](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#fly)) and upgrades for air travel outside the U.S. (paragraphs [6.16-6.17](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#upg)).

Guest Travel

6.69 The DTA may approve the reimbursement of travel expenses associated with members of your family or other guest, when the presence of the guest serves a bona fide business purpose. Travel arrangements for guests must be made with the Travel Agency, not in the [Travelocity Business on-line booking tool](https://lmtravel.global.lmco.com). The business purpose must be documented, and all costs associated with approved guest travel must be identified as such on your expense report.

Exception: The DTA’s approval is not required for formal Lockheed Martin-sponsored recognition events such as NOVA and business area or business unit Recognition Night.

6.70 Tax law treats the travel expenses of guests as personal income to the employee in all instances. Reimbursement of these expenses will be treated as taxable compensation income and the applicable taxes will be withheld from your Lockheed Martin pay.

Reporting Incidents while on Travel

6.71 Before going on travel, you should ensure that your personal and emergency contact information in [LMPeople](https://lmpeople.lmco.com/LMPeople_Home.aspx) is current.

6.72 If a significant man-made or natural disaster or incident occurs while you are on travel, you must contact the [Lockheed Martin 24-Hour Crisis Operations Center](http://security.corp.lmco.com/security/intl/iJET24.pdf) as soon as possible to report either that you are well or need assistance.

6.73 If a non-emergency security incident occurs while you are on travel, you must report it to your local Security office (if on domestic travel) or Corporate International Security Operations through the [International Security Incident Reporting Tool](http://isirt.global.lmco.com/) (if on international travel). Examples of non-emergency security incidents include, but are not limited to, criminal activity, theft of company information or property, significant damage to company property, and suspicion of surveillance.

Travel Card

6.74 Travel Cards provide financial benefits to Lockheed Martin and are provided to employees who travel on Lockheed Martin business. The Travel Card is a commercial card and must be obtained and managed in accordance with [CPS-114](http://policy.global.lmco.com/p3/lockmart/cps/s&pm/cps-114.html), Commercial Cards.

6.75 Do not use the Travel Card for personal charges. You must use your Travel Card to reserve or guarantee hotel reservations, to pay for lodging and transportation, and to pay for other individual business travel expenses where charge cards are accepted. Do not use the Travel Card when travel expenditures will be centrally billed to the element. The Travel Card and its cash advance feature must be used for business-related purposes only, including withdrawing reasonable cash advances to cover anticipated out-of-pocket business-related travel expenses, and reasonable charges for personal expenses incidental to authorized travel that are impractical to separate from business receipts, such as expenses for personal phone calls embedded in hotel bills. The requirements for reporting and repaying cash advances are the same as those for temporary travel advances. See paragraphs [6.82-6.84](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#tem).

6.76 You are responsible for making full and timely payment of any outstanding amounts charged to your Travel Card. Expenses charged to the Card must be so identified and reimbursement to the Card (instead of cash) requested on the expense report.

6.77 Executive officers (officers subject to Section 16 of the Securities and Exchange Act of 1934) should be aware that advances in excess of amounts reasonably expected to be required for business purposes could be considered to be impermissible personal loans under the Sarbanes-Oxley Act of 2002.

6.78 Any use of the Travel Card that is inconsistent with this policy and the card agreement will result in disciplinary action up to and including revocation of the Travel Card and termination from employment.

Personal Charge Cards

6.79 Personal charge cards should not be used to make reservations or pay for business travel services.

Travel Advances

6.80 Company-issued travel advances will be provided only under the limited circumstances described below.

6.81 The DTA may approve a standing travel advance if your work assignment involves unusually demanding frequent travel or extended off-site or international work assignments. Standing travel advances will be taxable compensation income and the applicable taxes will be withheld from your Lockheed Martin pay.

6.82 A temporary travel advance to cover anticipated expenses in excess of tickets provided may be issued if you are an infrequent traveler and do not have a Travel Card, or will be traveling internationally or on an extended business trip where obtaining sufficient cash via the Travel Card will not be feasible, or if you obtain the DTA’s approval based on other special circumstances that warrant an advance.

6.83 A temporary travel advance must be issued no more than five calendar days before the start of the business travel trip. Expenses paid with the advance must be approved on an expense report as soon as practical–normally within five business days of trip completion; otherwise the expenses will be taxable compensation income and the applicable taxes will be withheld from your Lockheed Martin pay.

6.84 You must repay any excess temporary travel advance (an advance that exceeds actual travel expenses) as soon as practical–normally within five business days of trip completion. Failure to comply with this requirement may cause the excess advance to be treated as taxable compensation income, in which case the applicable taxes will be withheld from your Lockheed Martin pay.

6.85 Executive officers should be aware that advances in excess of amounts reasonably expected to be required for business purposes could be considered to be impermissible personal loans under the Sarbanes-Oxley Act of 2002.

Expenses that Will Not be Reimbursed

6.86 Personal expenses and expenses not directly related to business travel, such as those listed below, will not be reimbursed, except as noted below:

* Funds transferred to another employee.
* Clothing or personal grooming items, unless the expense is incurred as a result of lost or delayed luggage or delayed flights (paragraphs [6.32 and 6.33](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#lug)). Allowances may be made for aircraft crews and chauffeurs.
* Personal entertainment such as movies, video, headset rental on aircraft, or personal reading material.
* Blankets, pillows, and travel kits sold onboard aircraft.
* Medicine, health, or exercise expenses.
* Babysitting and related costs.
* Pet kenneling and related costs.
* Home maintenance such as lawn mowing or pool maintenance.
* Excessive meal costs.
* Alcoholic beverage expenses incurred in connection with subsistence meals.
* Alcoholic beverages purchased in flight on an aircraft.
* Alcoholic beverage expenses incurred in connection with business meals, unless approved by a DTA.
* Rental vehicles larger than full size, unless an upgrade is permitted and approved in accordance with paragraphs [6.36-6.38](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#veh).
* Rental, usage, or replacement of extra equipment or services (such as navigation devices, cell phones, and Wi-Fi services) associated with a vehicle rented in the U.S. will not be reimbursed. Rental and usage charges for navigation devices in vehicles rented outside the U.S. will be reimbursed.
* Fees assessed for smoking in hotels or rental vehicles.
* Personal phone calls, except for a reasonable number of calls over the course of the trip that are moderate in duration.
* Executive physical examinations at resort hotels.
* Cleaning and laundry for travel trips of one work week or less on domestic travel, or three days or less on international travel. The DTA may approve an exception for extenuating circumstances.
* Golfing and similar events not directly related to a business purpose.
* Fines and penalties.
* Late fees on the Travel Card. The DTA may approve an exception if the late fees are beyond the control of the traveler.
* Personal life or accident insurance.
* Items that should be acquired in accordance with procurement procedures, including portable electronic devices (such as cell phones, personal digital assistants, and laptop computers), associated software, and peripherals.

**7.0 Reporting Travel Expenses**

7.1 All business travel expenses must be documented sufficiently to support Lockheed Martin’s government cost claims, income tax deductions, and management of travel expenses. All travel expenses must be reported on an expense report in the LMTravel-Expense Reporting System ([LMTravel-ERS](https://lmtravel.global.lmco.com)). All expense reports must be reviewed for propriety and approved by the appropriate level of management.

7.2 Travel expenses that exceed the business travel standards in section [6.0](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#bus) will not be reimbursed unless approval is obtained in accordance with section [6.0](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#bus).

7.3 If you work on a contract or are covered by a collective bargaining agreement that has specific travel provisions, you will be reimbursed in accordance with the contract or collective bargaining agreement.

Expenses Incurred in a Foreign Currency

7.4 Travel expenses incurred in a foreign currency must be converted to currency of the country where the employee’s element is located ("functional currency"), using the actual exchange rate incurred. The Travel Card provider will perform this conversion as part of the billing process. In those rare cases where the Travel Card was not used, the employee must perform the conversion and show the calculation converting the foreign currency amount to the functional currency amount on all foreign currency receipts.

Expenses Related to Vacation Days and Personal Days

7.5 If you take vacation or personal days during your business trip, you will not be reimbursed for any travel expenses incurred (such as for meals, incidentals, rental car, or lodging) on the days when vacation or personal time was taken.

Jointly Incurred Costs

7.6 When two or more employees jointly incur business-related costs that cannot be readily apportioned, such as a business meeting meal, one of the employees may pay the total cost, and the others will exclude this cost from their expense reports. The employee paying for the joint expense must document the activity on the expense report, including a statement of business purpose, and the names of the participants. If the employee’s expense report approver participated in the joint expenditure, then the expense report approver should pay for the joint expense.

Note: This provision does not apply to meals and expenses involving travel subsistence, which must be accounted for individually. A VP or higher, however, may incur a joint subsistence-type expense if necessary. The expenditure must be documented on the expense report as described above. This exception should be applied with discretion.

Travel that Does Not Include an Overnight Stay

7.7 You will be reimbursed for personal vehicle mileage in accordance with paragraphs [6.45-6.47](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#per) for travel to and from a business location, excluding any normal commuting mileage incurred in commuting to and from your established residence and normal work location.

Note: The use of a personal vehicle for occasional trips between an element's facilities that are located within five miles of each other generally will not be reimbursed. Elements that have outlying facilities requiring frequent travel not including an overnight stay, however, may establish procedures for reimbursing mileage under such circumstances.

7.8 You will be reimbursed for subsistence meal expenses only if you cannot obtain meals in the customary manner or location as a result of conducting Lockheed Martin business or having to travel. Account separately for such meal expenditures. IRS regulations consider reimbursement of meals to an employee who dined alone or with other employees while on travel not including an overnight stay to be personal and therefore taxable compensation income to the employee. Accordingly, the applicable taxes will be withheld from your Lockheed Martin pay.

Exception: Reimbursement of a business meal with external customers while on travel not including an overnight stay will not be considered taxable income, provided that you document the customer's name and business purpose or relationship on your expense report.

Expense Report

7.9 Upon trip completion, prepare an expense report in [LMTravel-ERS](https://lmtravel.global.lmco.com), including:

* A clear, complete description of the nature and purpose of the trip. Avoid acronyms and abbreviations.
* Justification of expenses required by this policy.
* DTA and other approvals required by this policy.
* Itineraries and itemized receipts for lodging, transportation (air, rail, rental vehicle), entertainment, business meetings or meals other than subsistence-type meals, and any other individual expenses over $75, as required by [LMTravel-ERS](https://lmtravel.global.lmco.com) (itineraries and receipts are not required under certain circumstances). If you do not have a required receipt, explain why it is missing and fully describe the expenses. Original required receipts must be retained for one year after faxing the receipts with the expense report. See [CPS-527](http://policy.global.lmco.com/p3/lockmart/cps/css/cps-527.html), Records Management.
* Other documentation required by this policy, such as certificates of unavailability for not using U.S. flag airlines or evidence of a claim with an airline for lost or delayed luggage.
* Specific contract or work order number(s) if charging direct.

7.10 Submit the expense report and supporting documentation to the expense report approver as soon as practical–normally within five business days of trip completion.

Note: If your expense report approver was a participant (a "beneficial recipient") in an event for which reimbursement is requested, he or she cannot approve your expense report. Instead, submit your expense report to the next-higher non-beneficial supervisor or the DTA for approval.

7.11 Do not postpone submittal if your expense report is incomplete due to delayed billings, missing documentation, etc. Instead, submit your report including only those items for which documentation is complete and currently available, followed by a supplemental report for the additional expenses once the missing documentation has been received. Also, see paragraph [6.24](http://policy.global.lmco.com/p3/lockmart/cps/controller/cps-417.html#tic).

Exception: If the trip involved foreign currency expenses for which actual exchange rate information is pending, you may postpone submittal until the exchange rate information is received.

7.12 Expense reports must be submitted in a timely manner to be eligible for reimbursement. Expenses submitted over a year after trip completion, for example, may not be reimbursed.

7.13 Elected Officers may self-approve their expense reports, provided that the reports are subject to a subsequent audit for reasonableness and compliance with policy. The corporate VP & Controller or designee will facilitate the resolution of discrepancies as necessary.

7.14 Expense report approvers have primary responsibility for scrutinizing employee expense reports, concurring that the reported expenses were necessary, actual, reasonable, and otherwise in compliance with this policy, local policies and procedures, and the Lockheed Martin [Code of Ethics & Business Conduct](http://ethics.corp.lmco.com/ethics/standard.html).

**8.0 Accounting for Travel Expenses**

8.1 Travel expenses of direct personnel will be charged to the same contract, work order, expense account, or basic control account to which the direct personnel are charging their time while traveling.

8.2 Travel expenses of indirect personnel will be charged to the same overhead expense pool as the indirect labor.

8.3 Exceptions to paragraphs 8.1 and 8.2 may be permitted when one element agrees to cover travel costs incurred by another (for example, when a business unit sends an instructor to teach a course at the Center for Leadership Excellence, and corporate Human Resources agrees to pay the instructor's travel costs). Such arrangements must be agreed to by the management of the affected cost centers and must be consistent with the elements' Disclosed Practices.

8.4 The cost of operating corporate-owned, -leased, or -chartered aircraft will be charged to overhead in accordance with [CPS-526](http://policy.global.lmco.com/p3/lockmart/cps/hr/cps-526.html). The cost (portion allowable by government regulations) of a given flight, however, may be charged to a contract when the purpose of the flight is such that a charge to a specific contract is more appropriate.

**9.0 Responsibilities**

Corporate VP & Controller

9.1 Oversee the implementation of this policy.

Corporate Global Supply Chain Operations (Corporate Travel Services)

9.2 Select the Travel Agency and other travel suppliers. Manage supplier relationships. Monitor the quality of service provided and agreement compliance.

9.3 Negotiate discount agreements for travel services.

9.4 When warranted, approve requests to use suppliers other than the approved suppliers. Notify the Travel Agency of such exceptions. Review the exceptions annually and revise or rescind them if needed.

9.5 Communicate travel program information to employees.

Business Area Executive VPs and Business Unit Presidents

9.6 Ensure that business travel activities and expenses are controlled and accounted for in accordance with this policy.

**10.0 Deviation**

Any deviation from this policy requires the prior approval of the VP & Controller or designee. The request for deviation must include the concurrence of the element’s senior Finance executive or DTA.

//s// Bruce L. Tanner  
Executive Vice President & Chief Financial Officer

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