SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice (the "United States"), Lockheed Martin Corporation ("Lockheed"), and Tim Booher ("Relator") (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. Lockheed is a Maryland corporation with its headquarters in Bethesda, Maryland. As a defense contractor, Lockheed provides military hardware and technology to the United States through contracts with the Department of War and other federal agencies.

B. On July 10, 2025, Relator filed a qui tam action in the United States District Court for the Northern District of Texas captioned *United States ex rel. Tim Booher v. Lockheed Martin Corporation*, No. 4:25-cv-00769, pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the Civil Action).

C. The United States intervened in part in the Civil Action on October 28, 2026.

D. The United States contends that it has certain civil claims against Lockheed arising from what the United States contends was Lockheed's knowing submission of false claims and knowing false statements to the United States as follows: as a federal contractor, Lockheed was required to comply with anti-discrimination requirements as set forth in Title VII of the Civil Rights Act of 1964, as incorporated into its federal contracts, and the Federal Acquisition Regulation, including at FAR clause 52.222-26. The United States contends that Lockheed certified compliance in its federal

contracts with these requirements and publicly represented that it was complying, while knowingly maintaining practices described below that the United States contends discriminated against employees during employment and applicants for employment because of race or sex, and failed to treat employees during employment without regard to race or sex. In addition, the United States contends Lockheed allocated costs to its federal government contracts relating to these practices and sought payment and reimbursement under its federal government contracts for such costs. During the period from January 1, 2019, through the Effective Date of this Agreement, the United States contends the practices included:

1. Taking race into account when making compensation decisions for Lockheed employees. Starting in 2021, Lockheed operated an incentive program called "Compensation Adder" or "Comp Adder" that awarded the top 20% of Lockheed's employees within each business area of the company with an additional pay increase over the annual company-wide increase each year. Business areas could select up to 20% of their employees within each job level for the Comp Adder program each year. Managers were initially instructed to use merit-based performance criteria to make their Comp Adder nominations. Higher level leaders reviewed and revised the nominations to ensure that the 20% cap was not exceeded when consolidating the nominations across various business groups for each job level.
    - Prior to finalizing the Comp Adder selections, Lockheed performed a statistical analysis to "flag" statistical outliers based on the race and sex composition of the Comp Adder list. When a business group's selections

were flagged, human resource personnel were supposed to reach out to business group leaders and ask them to re-review their selections and the merit-based basis for the selections, without asking them to take any protected characteristic into account.

- In practice, some Lockheed HR personnel exerted pressure on leaders in their business group to resolve race-related "flags" by directing them to add or remove particular employees based on race. Those Lockheed HR personnel encouraged their business group leaders to remove certain non-minority employees from the Comp Adder selections while adding minority employees who had not been initially nominated for Comp Adder. One HR employee explained to business group leaders that "increasing POC [People of Color] for Comp Adder will result in removing equal count of non-minority." When an initial re-review failed to identify sufficient minority employees for selection to Comp Adder, certain business group leaders were instructed to perform additional re-reviews (in one example, a business unit leader was instructed "again to reevaluate POC and their performance") until enough changes were made to resolve the "flags."
- Business group leaders received instructions from human resources personnel to have subordinates remove non-minorities from the Comp Adder selections and add racial minorities.
- A Director of Global Diversity & Inclusion informed HR personnel that "we will identify at least 11 additional PoC adds from other functions and

the level 2 Race flag will clear (assuming everything else remains static). Let's goooooooooo 😊."

2. Taking race or sex into account when making hiring and promotion decisions, including, to achieve progress towards non-public race and sex-based workforce composition goals for business units (closely held within the company). The goals were intended to impact Lockheed's promotion and hiring decisions.
    - Lockheed developed a Management Incentive Compensation Plan that contained "quantitative measures called Performance Metrics that are developed and tracked throughout the year." One Performance Metric was based on achievement of specified goals for preferred demographics.
    - Business units within Lockheed received quarterly summaries tracking the demographic goals within the unit for "women" and "minorities," where representation or advancement towards the goal was highlighted in green, yellow, or red depending on whether the goal was "met," "not met but w/in 1," or "not met."
    - In 2023, Lockheed's Global Diversity & Inclusion, and Equity & Compliance offices set additional company-wide hiring goals characterized as "aspirational plus" goals that "stretch[] beyond what's potentially achievable." In certain business units, Lockheed achieved these "aspirational plus" goals for people of color.
3. Offering certain training, mentoring, and leadership development programs, and/or similar opportunities to eligible employees on the basis of race or sex, for example, an Executive Leadership Diversity Mentoring program. These

programs were designed to boost the career prospects of these individuals over others through sponsorship and networking.

The conduct described in this Paragraph D is referred to below as the Covered Conduct.

E. This Settlement Agreement is neither an admission of liability by Lockheed nor a concession by the United States that its claims are not well-founded.

F. Lockheed denies that it engaged in the Covered Conduct and denies the allegations in the Civil Action.

G. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relator's reasonable expenses, attorneys' fees and costs.

H. Contemporaneously with this Settlement Agreement, Lockheed is executing a separate agreement to resolve a Commissioner's Charge issued by the Equal Employment Opportunity Commission regarding related matters.

I. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Lockheed shall pay to the United States $22,000,000, inclusive of civil penalties (Settlement Amount), and interest on the Settlement Amount at a rate of 4% per annum from October 5, 2026 to the date of payment. Of that amount, $10,000,000 is restitution. The Settlement Amount shall be paid no later than 14 days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay $4,400,000 plus a proportionate share of interest to Relator by electronic funds transfer (Relator's Share).

3. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, the United States releases Lockheed, together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; and the corporate successors and assigns of any of them, from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

4. Upon the United States' receipt of the Settlement Amount**,** plus interest due under Paragraph 1, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases Lockheed, together with its current and former parent corporations, direct and indirect subsidiaries, brother or sister corporations, divisions, current or former corporate owners, and their corporate successors or assigns, as well as all of its current and former officers, directors, employees, attorneys and other agents, from any and all manner claims, proceedings, liens, and causes of action of any kind or description that Relator has or may have in his own capacity or on behalf of the United States.

5. Notwithstanding the releases given in Paragraph 3 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);

b. Any criminal liability;

c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;

d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

e. Any liability based upon obligations created by this Agreement;

f. Any liability of individuals.

6. Relator and his heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Conditioned upon Relator's receipt of the Relator's Share, Relator and his heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

7. Lockheed waives and shall not assert any defenses that Lockheed may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

8. Lockheed fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Lockheed has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct or the United States' investigation or prosecution thereof.

9. Lockheed fully and finally releases the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Lockheed has asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct, the allegations in the Civil Action, and the Relator's investigation and prosecution thereof.

10. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Lockheed, and its present or former officers, directors, employees, shareholders, and agents in connection with:

(1) the matters covered by this Agreement;

(2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;

(3) Lockheed's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

(4) the negotiation and performance of this Agreement;

(5) the payment that Lockheed makes to the United States pursuant to this Agreement and any payments that Lockheed may make to Relator, including costs and attorneys fees,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Lockheed, and Lockheed shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, Lockheed shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Lockheed or any of their subsidiaries or affiliates from the United States. Lockheed agrees that the United States, at a minimum, shall be entitled to recoup from the Lockheed any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on

previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Lockheed's books and records and to disagree with any calculations submitted by Lockheed or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Lockheed, or the effect of any such Unallowable Costs on the amount of such payments.

11. This Agreement is intended to be for the benefit of the Parties only.

12. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1) stipulating to the dismissal (a) with prejudice to the United States of the claims arising from the Covered Conduct, (b) without prejudice to the United States of all remaining claims, and (c) with prejudice to Relator of all claims in the Civil Action.

13. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

14. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

15. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Northern District of Texas. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

16. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

17. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

18. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

19. This Agreement is binding on the Lockheed's successors, transferees, heirs, and assigns.

20. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

21. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

22. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

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THE UNITED STATES OF AMERICA

DATED: 11.02.26 BY: _____

Stanley E. Woodward, Jr.
Associate Attorney General
United States Department of Justice

DATED: _____ BY: BRETT SHUMATE Digitally signed by BRETT SHUMATE Date: 2026.10.30 12:13:05 -04'00'

Brett A. Shumate
Assistant Attorney General
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Patrick Klein
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DATED: 11/2/2026 BY: _____

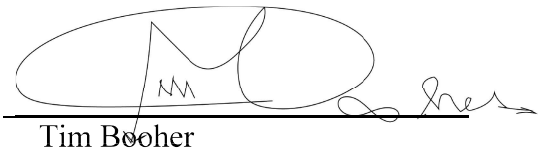
Ryan Raybould
United States Attorney
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Assistant United States Attorney
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LOCKHEED MARTIN CORPORATION

DATED: 10/29/2026 BY: 

Ronald J. Tenpas
Lockheed Martin Corporation
Vice President, Chief Litigation Counsel

TIM BOOHER – RELATOR

DATED: 29 Oct 2026 BY: 

Tim Booher
Relator

DATED October 29, 2026 BY: 

Marcella Burke
Burke Law Group, PLLC
Counsel for Relator