



Lockheed Martin 1st Quarter 2010 Financial Results Conference Call

April 21, 2010

9:00 a.m. EDT



Webcast login at www.lockheedmartin.com/investor
Webcast replay available 12:00 p.m. EDT April 21, 2010
Podcast available 2:00 p.m. EDT April 21, 2010
Call replay available 12:00 p.m. EDT April 21, 2010 through
midnight April 28, 2010 at: 800-642-1687 U.S. & Canada
706-645-9291 International
Confirmation code: 63652351

April 21, 2010

Forward Looking Statements



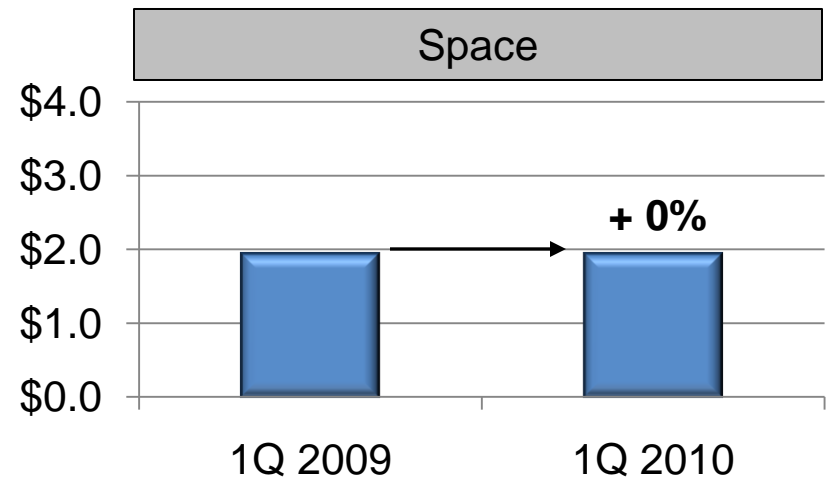
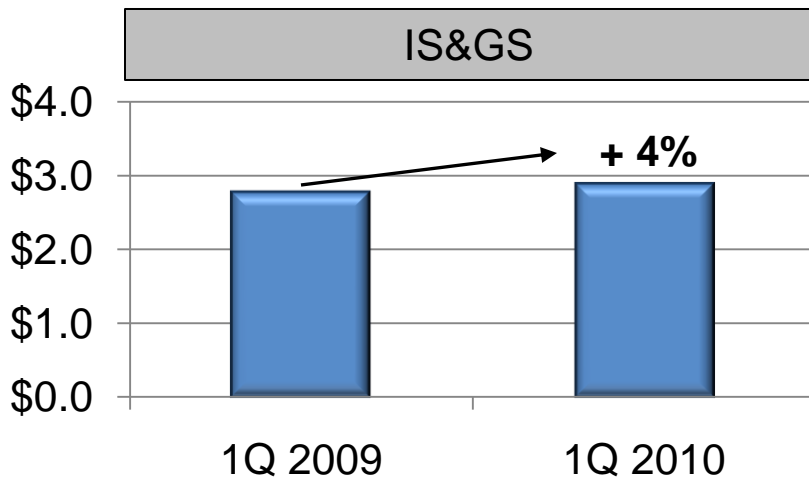
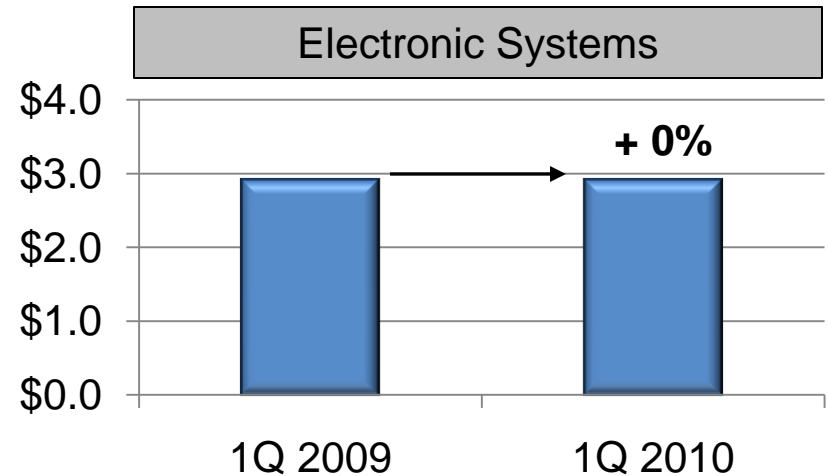
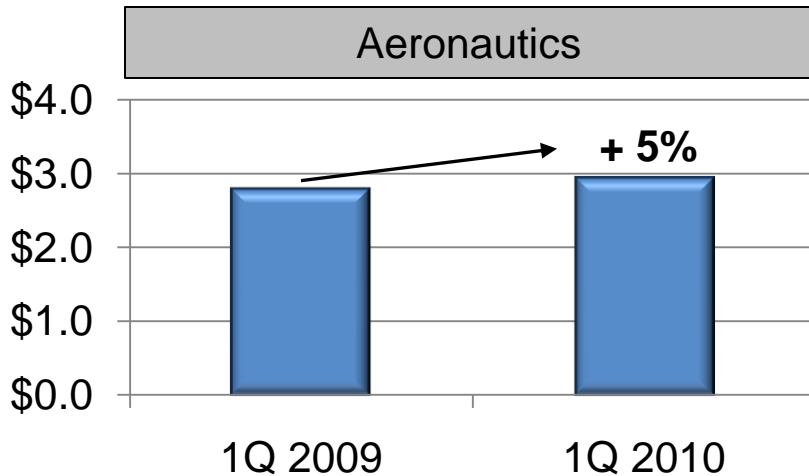
Our presentation contains “forward-looking” statements or projections based on current expectations. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results may differ materially due to: the availability of government funding and budgetary constraints; changes in customer priorities; the impact of economic recovery and stimulus plans and continued hostilities in Iraq and Afghanistan on funding for defense programs; program and contract performance; return or loss on benefit plan assets, interest and discount rates, and other changes that may affect benefit plan assumptions; the effect of capitalization changes (such as share repurchase activity, advance pension funding, option exercises, or debt levels) on earnings per share; failure to recertify the JSF or other programs after Nunn-McCurdy notices; the timing and availability of future government awards; the outcome of legal proceedings; the future impact of acquisitions, divestitures or joint ventures; economic, business and regulatory conditions and other factors. We disclaim any duty to update forward-looking statements to reflect new developments.

Our SEC filings (found at www.lockheedmartin.com or at www.sec.gov), including our 2009 Form 10-K, contain more information on the types of risks and other factors that could adversely affect these statements.

2010 Financial Results are Unaudited

1Q Sales Summary

(\$B)



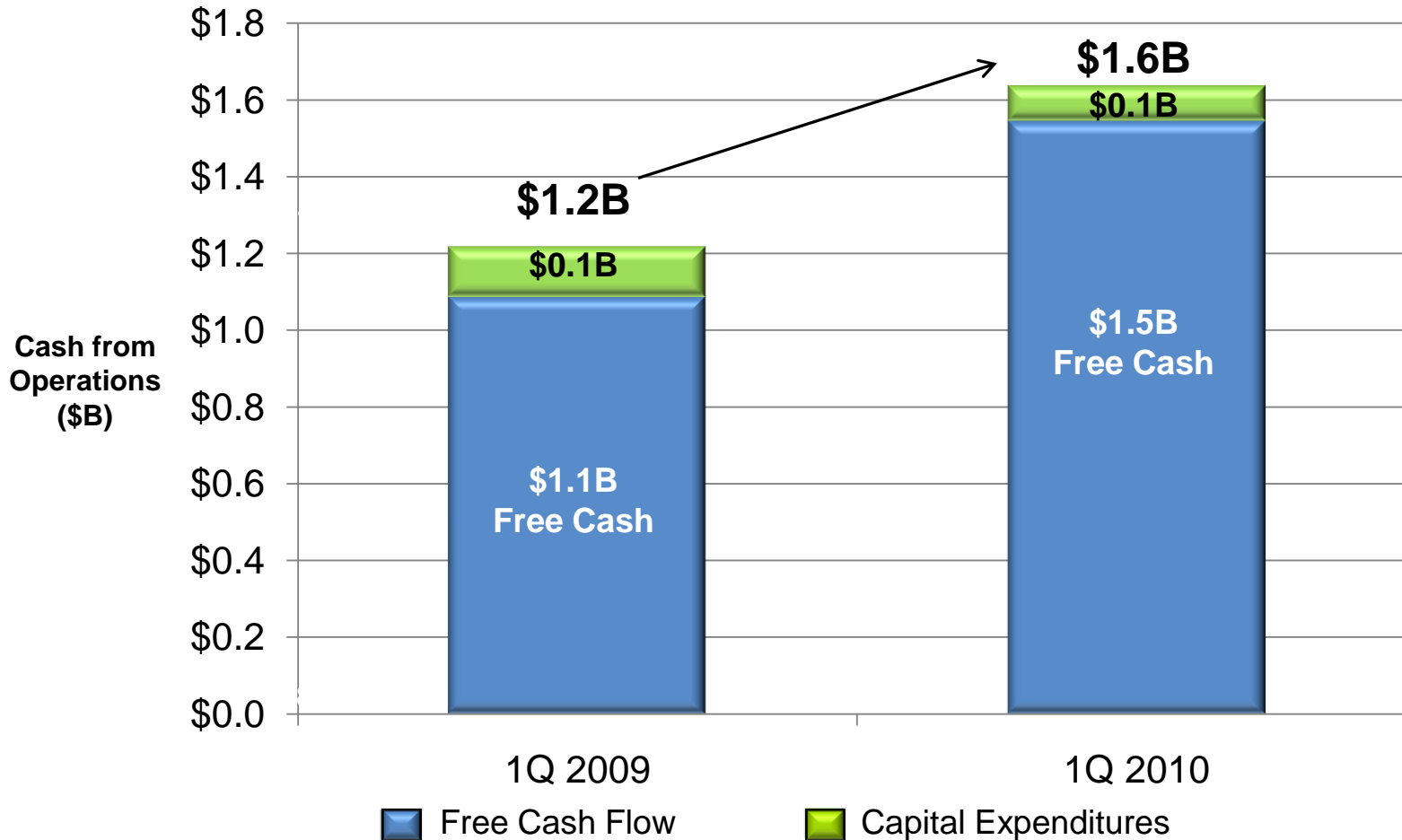
**Total Sales Growth of +3% As Expected...
On Track To Meet Full Year Guidance**

1Q Cash From Operations

(\$B)



*See Charts 13-14 for Definitions of Non-GAAP Measures

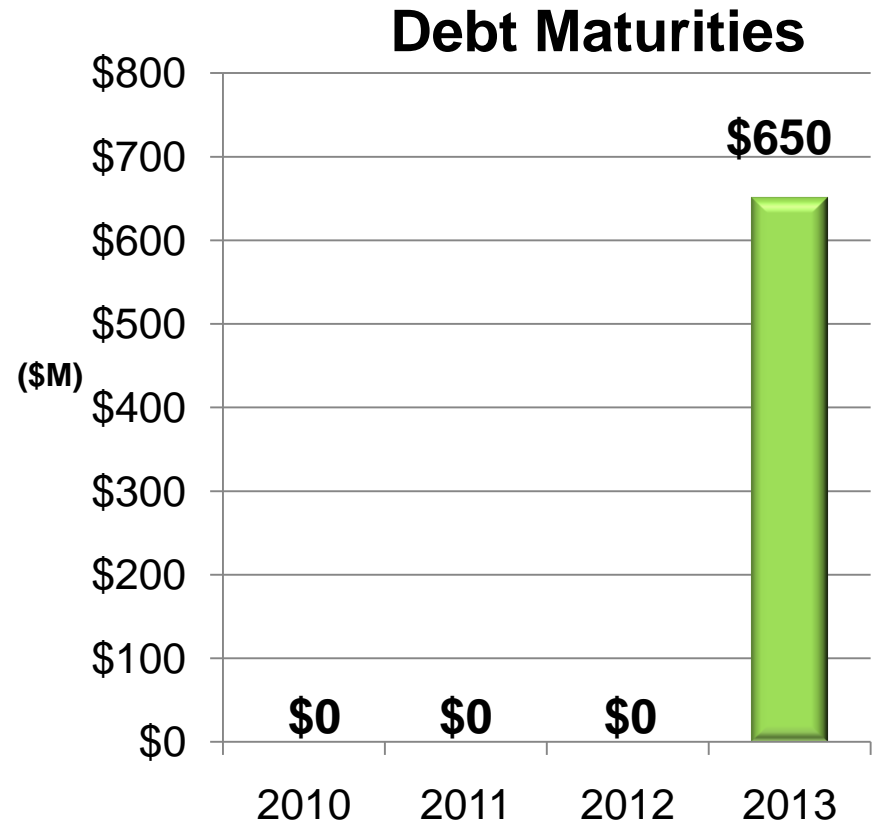
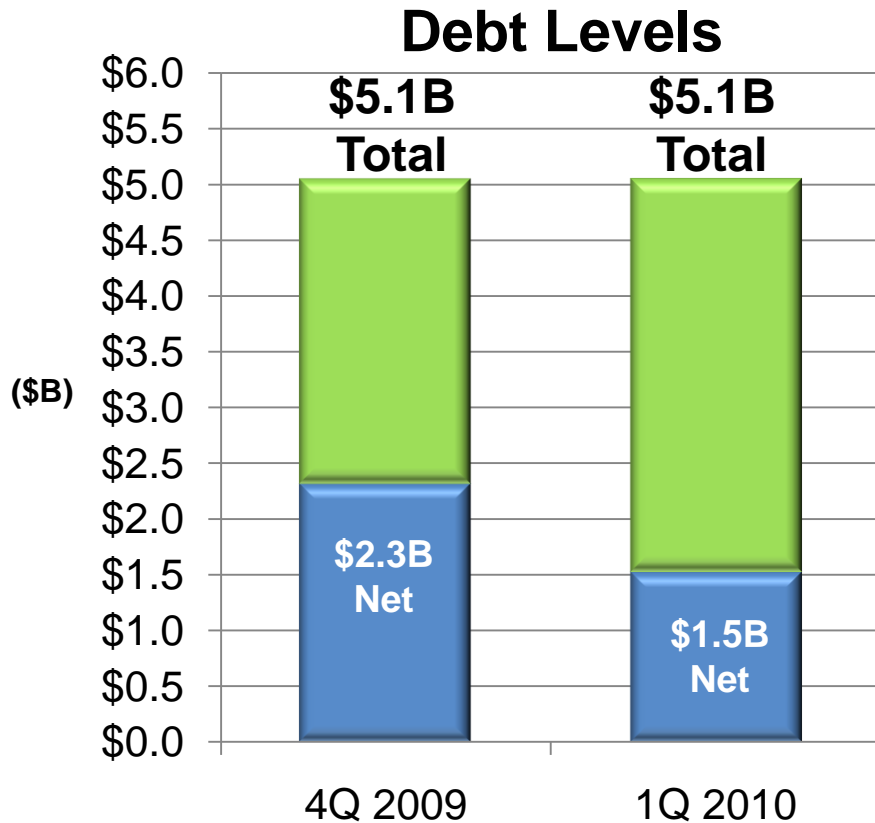


Highest Level of Quarterly Cash Generation in Corporate History

1Q Debt & Debt Maturities



*See Charts 13-14 for Definitions of Non-GAAP Measures

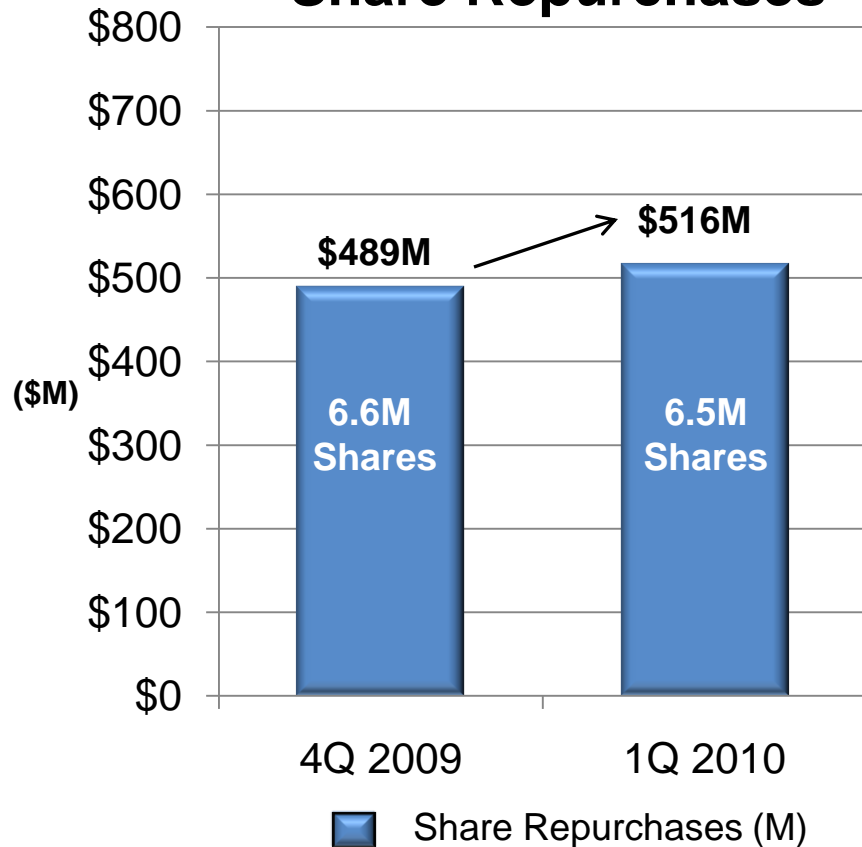


Improving Net Debt Position ... No Debt Maturities Until 2013

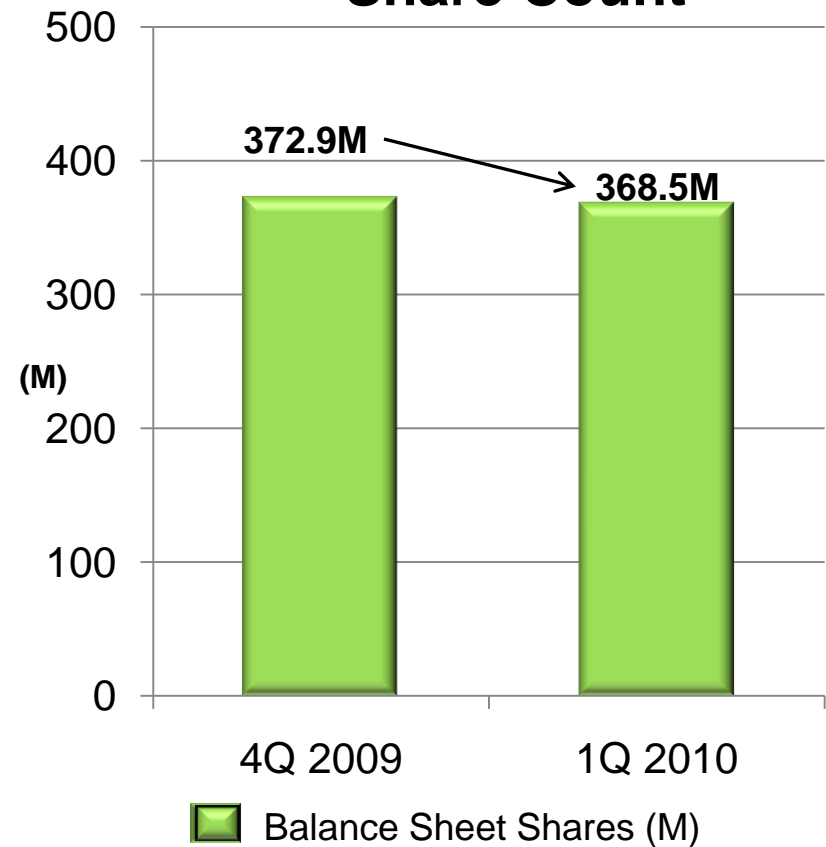
1Q Share Repurchases



Share Repurchases



Share Count



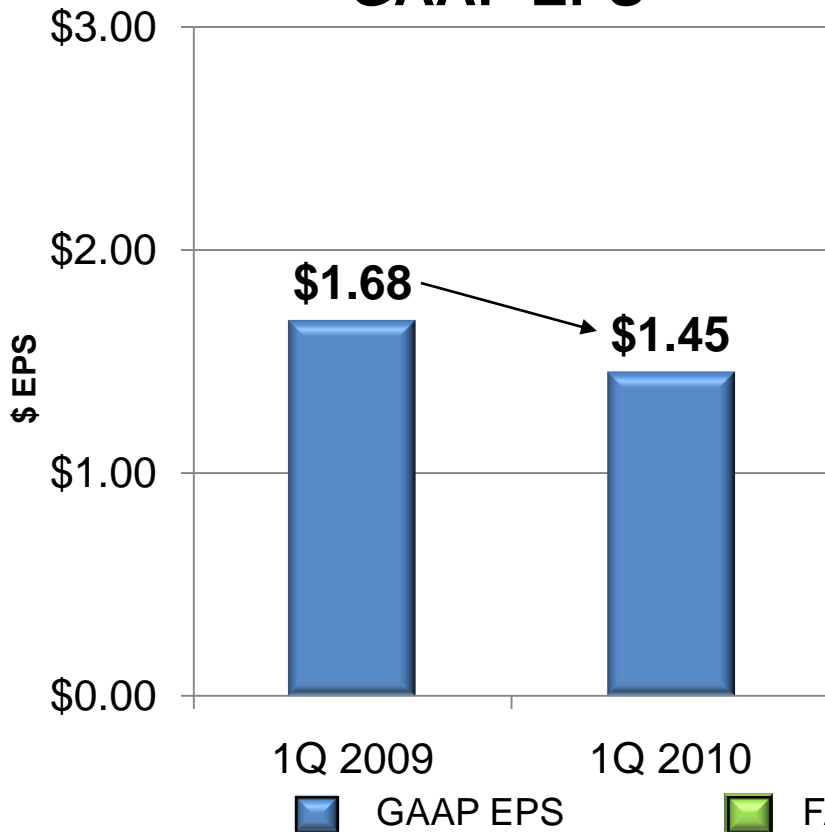
Strong Share Repurchase Activity ... Continued Reduction in Outstanding Share Count

1Q Earnings Per Share

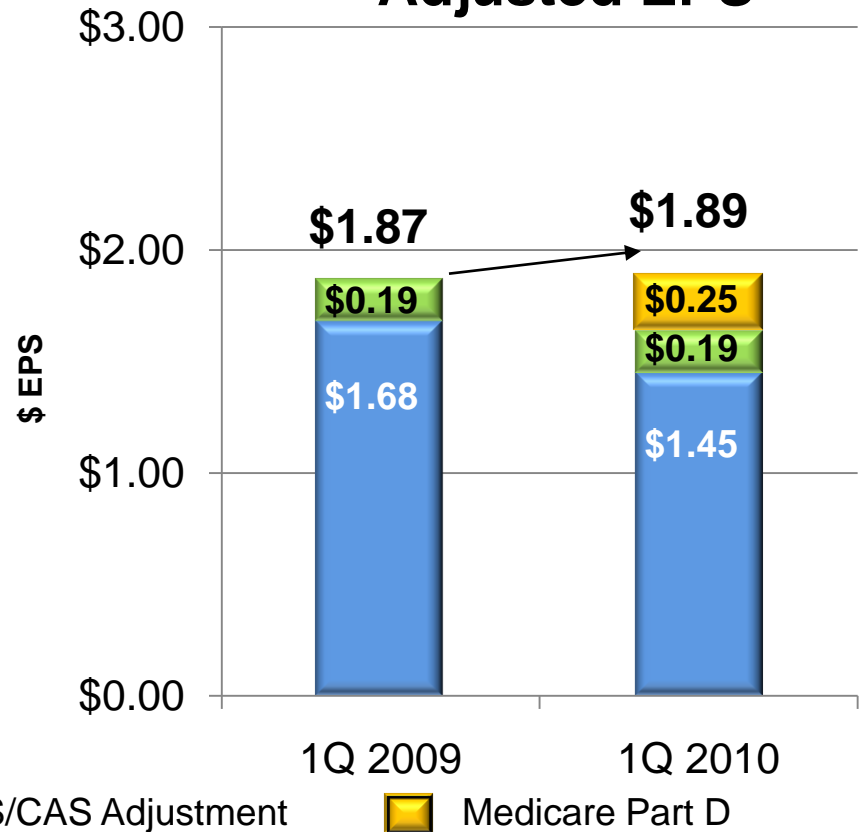


*See Charts 13-14 for Definitions of Non-GAAP Measures

GAAP EPS



Adjusted EPS



GAAP EPS Impacted By Revised Healthcare Legislation

2010 EPS Outlook Reconciliation



January 2010 EPS Outlook	\$7.15 – 7.35	
Unusual Item – Tax Legislation	(.25)	} (.15)
Net Improvement in Investment Income/Other	~.10	
April 2010 EPS Outlook	\$7.00 – 7.20	

2010 EPS Outlook Decreased (\$0.15) Due to Revised Healthcare Legislation

Financial Appendix & Updated Outlook

2010 Outlook Update

(\$M, Except EPS)



	<u>Prior (Jan)</u>	<u>Current (Apr)</u>
Sales	\$46,250 - 47,250	\$46,250 - 47,250
Segment Operating Profit*	\$5,025 - 5,125	\$5,025 - 5,125
Mid-Point Segment Margin*	10.9%	10.9%
Other Pre-Tax Expense (net)	~ (1,070)	~ (1,050)
Earnings Before Income Taxes	\$3,955 - 4,055	\$3,975 - 4,075
GAAP EPS	\$7.15 - 7.35	\$7.00 - 7.20
Cash From Operations	≥ \$3,200	≥ \$3,300
ROIC	≥ 16.0%	≥ 16.0%

*See Charts 13-14 for Definitions of Non-GAAP Measures

2010 Outlook Update

(\$M, Except EPS)

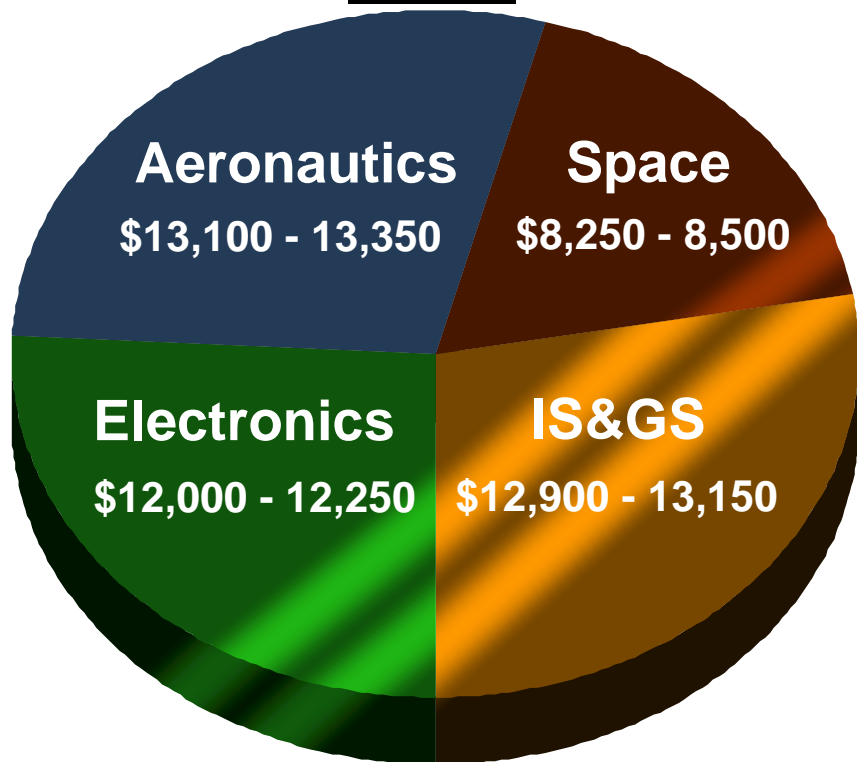


	<u>Prior (Jan)</u>	<u>Current (Apr)</u>
Segment Operating Profit	\$5,025 - 5,125	\$5,025 - 5,125
<u>Unallocated Corp Inc / (Exp)</u>		
FAS/CAS Adjustment	~ (440)	~ (440)
Unusual Items	--	--
Stock Comp Expense	~ (180)	~ (170)
Other Unallocated Items	~ (100)	~ (120)
Operating Profit	\$4,305 - 4,405	\$4,295 - 4,395
Interest Expense	~ (350)	~ (350)
Non-Operating Inc / (Exp)	--	~ 30
Earnings Before Income Taxes	\$3,955 - 4,055	\$3,975 - 4,075
GAAP EPS	\$7.15 - 7.35	\$7.00 - 7.20

2010 Segment Outlooks

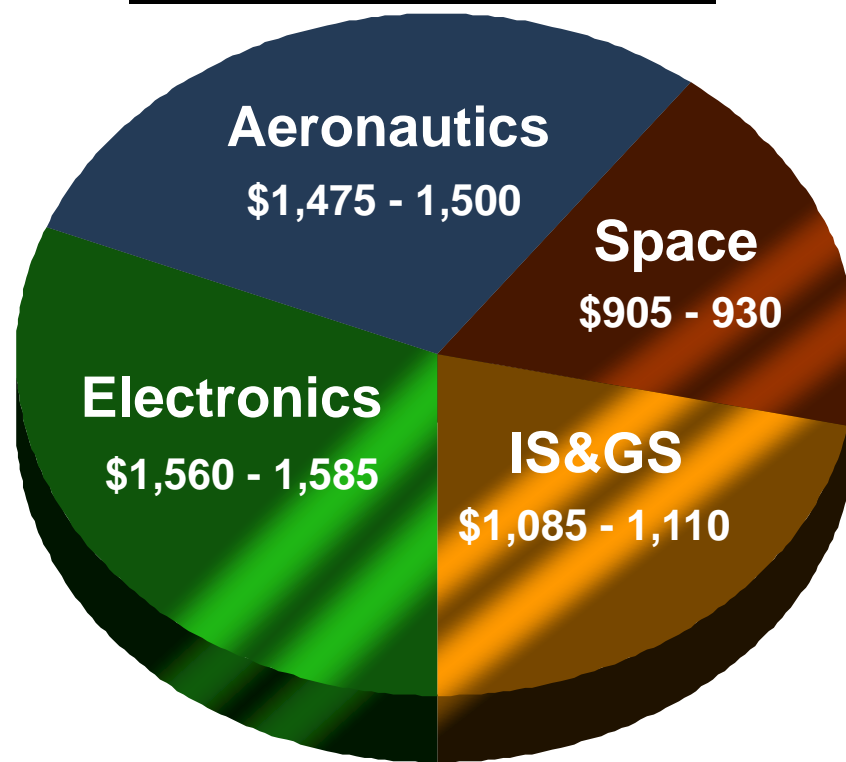


Sales



\$46,250 - 47,250M

Segment Op Profit*



\$5,025 - 5,125M

*See Charts 13-14 for Definitions of Non-GAAP Measures

No Change in Segment Outlooks

Definitions of Non-GAAP Measures



Non-GAAP Financial Measures Disclosure

This presentation, and today's conference call remarks, contain non-Generally Accepted Accounting Principles (GAAP) financial measures (as defined by SEC Regulation G). While we believe that these non-GAAP financial measures may be useful in evaluating Lockheed Martin, this information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP. In addition, our definitions for non-GAAP measures may differ from similarly titled measures used by other companies or analysts.

Segment Operating Profit / Margin

Segment Operating Profit represents the total earnings from our business segments before unallocated corporate income and expense, interest expense, other non-operating income and expense, and income tax expense. This measure is used by our senior management in evaluating the performance of our business segments. The caption "Unallocated Corp Inc / (Exp)" reconciles Segment Operating Profit to consolidated Operating Profit. The caption "Other Pre-Tax Expense (net)" reconciles Segment Operating Profit to consolidated Earnings Before Income Taxes. Segment Margin is calculated by dividing Segment Operating Profit by Sales. Mid-point Segment Margin represents the mid-point of the outlook range for Segment Operating Profit divided by the mid-point of the outlook range for Sales.

	<u>2010 Outlook (Jan)</u>	<u>2010 Outlook (Apr)</u>
Sales	\$46,250 - 47,250	\$46,250 - 47,250
Segment Operating Profit	\$5,025 - 5,125	\$5,025 - 5,125
Mid-Point Segment Margin	10.9%	10.9%
Consolidated Operating Profit	\$4,305 - 4,405	\$4,295 - 4,395
Mid-Point Operating Margin	9.3%	9.3%

ROIC

Management believes that Return on Invested Capital (ROIC) provides greater visibility into how effectively Lockheed Martin deploys capital. Management uses ROIC as a target level to help ensure that overall performance is understood and acceptable when capital is invested. ROIC is not a measure of financial performance under GAAP, and may not be defined and calculated by other companies in the same manner. ROIC should not be considered in isolation or as an alternative to net earnings as an indicator of company performance.

Free Cash Flow

Lockheed Martin defines free cash flow as GAAP cash from operations less the amount identified as expenditures for property, plant and equipment.

Definitions of Non-GAAP Measures

Continued

Adjusted Earnings Per Share

Lockheed Martin defines adjusted earnings per share as GAAP earnings per share excluding the effect of the FAS/CAS pension adjustment and the approximately \$96 million after tax earnings, or approximately \$0.25 per common share from the impact of the Medicare Part D. adjustment as previously disclosed in our March 31, 2010 Form 8-K. Management uses these measures as an additional means to compare and forecast the company's operating performance before the effect of the FAS/CAS pension adjustment and the Medicare Part D adjustment between periods and in comparison to that of other companies within our industry as an alternative to GAAP.

<u>Reconciliation of Adjusted EPS</u>	<u>1Q 2009</u>	<u>1Q 2010</u>
GAAP EPS	\$1.68	\$1.45
Plus: Medicare Part D Adjustment	-	0.25
EPS Excluding Unusual Adjustment	\$1.68	\$1.70
Plus: FAS/CAS Adjustment	0.19	0.19
Adjusted EPS	\$1.87	\$1.89

Net Debt

Lockheed Martin defines net debt as total debt outstanding less cash, cash equivalents and short term investments.

<u>Reconciliation of Net Debt</u>	<u>4Q 2009</u>	<u>1Q 2010</u>
Long-Term Debt, Net	\$5,052	\$5,053
Current Maturities of Long-Term Debt	-	-
Total Debt	\$5,052	\$5,053
Less: Cash & Cash Equivalents	(2,391)	(3,288)
Less: Short-term Investments	(346)	(239)
Net Debt	\$2,315	\$1,526

ROIC Calculation

(\$M)



	Actual <u>2009</u>	Prior (Jan) <u>2010</u>	Current (Apr) <u>2010</u>
Net Earnings	\$3,024	Combined	Combined
Interest Exp x .65	198		
Return	\$3,222	≥ \$2,925	≥ \$2,860
Debt (Average)	\$4,054	Combined	Combined
Equity (Average)	3,155		
Benefit Plan Adjustments (Average)	8,960		
Invested Capital (Average)	\$16,169	≤ \$18,300	≤ \$17,900
ROIC	19.9%	≥ 16.0%	≥ 16.0%

Our definition of Return on Invested Capital (ROIC) is net earnings plus after-tax interest expense divided by average invested capital (stockholders' equity plus debt), after adjusting stockholders' equity by adding back adjustments related to postretirement benefit plans.

Average benefit plan adjustments reflect the cumulative value of entries incorporated into our Statement of Stockholders Equity to recognize the funded / unfunded status of our benefit plans.

