

**LOCKHEED MARTIN CORPORATION**  
**Condensed Consolidated Statement of Earnings**  
**Unaudited**  
(In millions, except per share data and percentages)

|  | <b>QUARTER ENDED</b>     |                   | <b>YEAR ENDED</b>        |                   |
|--|--------------------------|-------------------|--------------------------|-------------------|
|  | <b>December 31, 2009</b> | December 31, 2008 | <b>December 31, 2009</b> | December 31, 2008 |
| Net sales  | \$ 12,524                | \$ 11,132         | \$ 45,189                | \$ 42,731         |
| Cost of sales  | 11,313                   | 9,865             | 40,965                   | 38,082            |
|  | 1,211                    | 1,267             | 4,224                    | 4,649             |
| Other income (expense), net                                    | 30                       | 81                | 242                      | 482               |
| Operating profit   | 1,241                    | 1,348             | 4,466                    | 5,131             |
| Interest expense   | 86                       | 77                | 305                      | 341               |
| Other non-operating income (expense), net                      | 25                       | (102)             | 123                      | (88)              |
| Earnings before income taxes                                   | 1,180                    | 1,169             | 4,284                    | 4,702             |
| Income tax expense   | 353                      | 346               | 1,260                    | 1,485             |
| Net earnings   | \$ 827                   | \$ 823            | \$ 3,024                 | \$ 3,217          |
| Effective tax rate   | 29.9%                    | 29.6%             | 29.4%                    | 31.6%             |
| Earnings per common share:                                     |                          |                   |                          |                   |
| Basic  | \$ 2.19                  | \$ 2.08           | \$ 7.86                  | \$ 8.05           |
| Diluted  | \$ 2.17                  | \$ 2.05           | \$ 7.78                  | \$ 7.86           |
| Average number of shares outstanding                           |                          |                   |                          |                   |
| Basic  | 377.7                    | 395.8             | 384.8                    | 399.7             |
| Diluted  | 381.9                    | 400.7             | 388.9                    | 409.4             |
| Common shares reported in stockholders' equity at quarter end: |                          |                   | 372.9                    | 392.7             |

**LOCKHEED MARTIN CORPORATION**

**Net Sales, Operating Profit and Margins**

**Unaudited**

(In millions, except percentages)

|   | QUARTER ENDED     |                   |              | YEAR ENDED        |                   |               |
|---|-------------------|-------------------|--------------|-------------------|-------------------|---------------|
|   | December 31, 2009 | December 31, 2008 | % Change     | December 31, 2009 | December 31, 2008 | % Change      |
| <b>Net sales</b>                            |                   |                   |              |                   |                   |               |
| Aeronautics                                 | \$ 3,250          | \$ 2,865          | 13 %         | \$ 12,201         | \$ 11,473         | 6 %           |
| Electronic Systems                          | 3,293             | 2,934             | 12           | 12,204            | 11,620            | 5             |
| Information Systems & Global Services       | 3,374             | 3,299             | 2            | 12,130            | 11,611            | 4             |
| Space Systems                               | 2,607             | 2,034             | 28           | 8,654             | 8,027             | 8             |
| <b>Total net sales</b>                      | <b>\$ 12,524</b>  | <b>\$ 11,132</b>  | <b>13 %</b>  | <b>\$ 45,189</b>  | <b>\$ 42,731</b>  | <b>6 %</b>    |
| <b>Operating profit</b>                     |                   |                   |              |                   |                   |               |
| Aeronautics                                 | \$ 426            | \$ 369            | 15 %         | \$ 1,577          | \$ 1,433          | 10 %          |
| Electronic Systems                          | 410               | 369               | 11           | 1,595             | 1,508             | 6             |
| Information Systems & Global Services       | 277               | 307               | (10)         | 1,011             | 1,076             | (6)           |
| Space Systems                               | 300               | 210               | 43           | 972               | 953               | 2             |
| <b>Segment operating profit</b>             | <b>1,413</b>      | <b>1,255</b>      | <b>13</b>    | <b>5,155</b>      | <b>4,970</b>      | <b>4</b>      |
| Unallocated corporate (expense) income, net | (172)             | 93                |              | (689)             | 161               |               |
|   | <b>\$ 1,241</b>   | <b>\$ 1,348</b>   | <b>(8) %</b> | <b>\$ 4,466</b>   | <b>\$ 5,131</b>   | <b>(13) %</b> |
| <b>Margins</b>                              |                   |                   |              |                   |                   |               |
| Aeronautics                                 | 13.1 %            | 12.9 %            |              | 12.9 %            | 12.5 %            |               |
| Electronic Systems                          | 12.5              | 12.6              |              | 13.1              | 13.0              |               |
| Information Systems & Global Services       | 8.2               | 9.3               |              | 8.3               | 9.3               |               |
| Space Systems                               | 11.5              | 10.3              |              | 11.2              | 11.9              |               |
| <b>Total operating segments</b>             | <b>11.3</b>       | <b>11.3</b>       |              | <b>11.4</b>       | <b>11.6</b>       |               |
| <b>Total consolidated</b>                   | <b>9.9 %</b>      | <b>12.1 %</b>     |              | <b>9.9 %</b>      | <b>12.0 %</b>     |               |

**LOCKHEED MARTIN CORPORATION**  
**Selected Financial Data**  
**Unaudited**  
(In millions, except per share data)

|  | <u>QUARTER ENDED</u>     |                          | <u>YEAR ENDED</u>        |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | <u>December 31, 2009</u> | <u>December 31, 2008</u> | <u>December 31, 2009</u> | <u>December 31, 2008</u> |
| <b>Unallocated corporate (expense) income, net</b> |                          |                          |                          |                          |
| FAS/CAS pension adjustment                         | \$ (114)                 | \$ 32                    | \$ (456)                 | \$ 128                   |
| Stock compensation expense                         | (42)                     | (40)                     | (154)                    | (155)                    |
| Unusual items                                      | -                        | 48                       | -                        | 193                      |
| Other, net   | (16)                     | 53                       | (79)                     | (5)                      |
| <b>Unallocated corporate (expense) income, net</b> | <b>\$ (172)</b>          | <b>\$ 93</b>             | <b>\$ (689)</b>          | <b>\$ 161</b>            |

|  | <u>QUARTER ENDED</u>     |                          | <u>YEAR ENDED</u>        |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | <u>December 31, 2009</u> | <u>December 31, 2008</u> | <u>December 31, 2009</u> | <u>December 31, 2008</u> |
| <b>FAS/CAS pension adjustment</b>                    |                          |                          |                          |                          |
| FAS pension expense                                  | \$ (259)                 | \$ (115)                 | \$ (1,036)               | \$ (462)                 |
| Less: CAS costs                                      | (145)                    | (147)                    | (580)                    | (590)                    |
| <b>FAS/CAS pension adjustment - (expense) income</b> | <b>\$ (114)</b>          | <b>\$ 32</b>             | <b>\$ (456)</b>          | <b>\$ 128</b>            |

|                                 | <u>QUARTER ENDED DECEMBER 31, 2009</u> |                     |                           | <u>YEAR ENDED DECEMBER 31, 2009</u> |                     |                           |
|---------------------------------|--|---------------------|---------------------------|-------------------------------------|---------------------|---------------------------|
|                                 | <u>Operating profit</u>                | <u>Net earnings</u> | <u>Earnings per share</u> | <u>Operating profit</u>             | <u>Net earnings</u> | <u>Earnings per share</u> |
| <b>Unusual Items - 2009</b>     |  |                     |                           |                                     |                     |                           |
| Resolution of IRS examinations: |  |                     |                           |                                     |                     |                           |
| • 2005 - 2007                   | \$ -                                   | \$ -                | \$ -                      | \$ -                                | \$ 58               | \$ 0.15                   |
| • 2008                          | -                                      | 11                  | 0.03                      | -                                   | 11                  | 0.03                      |
|                                 | <u>\$ -</u>                            | <u>\$ 11</u>        | <u>\$ 0.03</u>            | <u>\$ -</u>                         | <u>\$ 69</u>        | <u>\$ 0.18</u>            |

|  | <u>QUARTER ENDED DECEMBER 31, 2008</u> |                     |                           | <u>YEAR ENDED DECEMBER 31, 2008</u> |                     |                           |
|--|--|---------------------|---------------------------|-------------------------------------|---------------------|---------------------------|
|  | <u>Operating profit</u>                | <u>Net earnings</u> | <u>Earnings per share</u> | <u>Operating profit</u>             | <u>Net earnings</u> | <u>Earnings per share</u> |
| <b>Unusual Items - 2008</b>                      |  |                     |                           |                                     |                     |                           |
| ILS/LKEI deferred gain                           | \$ 48                                  | \$ 32               | \$ 0.08                   | \$ 108                              | \$ 70               | \$ 0.17                   |
| Earnings associated with prior years' land sales | -                                      | -                   | -                         | 85                                  | 56                  | 0.14                      |
|  | <u>\$ 48</u>                           | <u>\$ 32</u>        | <u>\$ 0.08</u>            | <u>\$ 193</u>                       | <u>\$ 126</u>       | <u>\$ 0.31</u>            |

**LOCKHEED MARTIN CORPORATION**

**Selected Financial Data**

**Unaudited**

**(In millions)**

|  | <b>QUARTER ENDED</b>     |                      | <b>YEAR ENDED</b>        |                      |
|--|--------------------------|----------------------|--------------------------|----------------------|
|  | <b>December 31, 2009</b> | December 31, 2008    | <b>December 31, 2009</b> | December 31, 2008    |
| <b><u>Depreciation and amortization of plant and equipment</u></b> |                          |                      |                          |                      |
| Aeronautics  | \$ 55                    | \$ 53                | \$ 198                   | \$ 190               |
| Electronic Systems   | 65                       | 63                   | 242                      | 252                  |
| Information Systems & Global Services                              | 19                       | 17                   | 69                       | 66                   |
| Space Systems  | 51                       | 57                   | 182                      | 166                  |
| Segments   | <u>190</u>               | <u>190</u>           | <u>691</u>               | <u>674</u>           |
| Unallocated corporate expense, net                                 | 16                       | 15                   | 59                       | 53                   |
| <b>Total depreciation and amortization of plant and equipment</b>  | <b><u>\$ 206</u></b>     | <b><u>\$ 205</u></b> | <b><u>\$ 750</u></b>     | <b><u>\$ 727</u></b> |

|   | <b>QUARTER ENDED</b>     |                     | <b>YEAR ENDED</b>        |                      |
|---|--------------------------|---------------------|--------------------------|----------------------|
|   | <b>December 31, 2009</b> | December 31, 2008   | <b>December 31, 2009</b> | December 31, 2008    |
| <b><u>Amortization of purchased intangibles</u></b> |                          |                     |                          |                      |
| Aeronautics   | \$ 12                    | \$ 12               | \$ 50                    | \$ 50                |
| Electronic Systems                                  | 4                        | 2                   | 11                       | 10                   |
| Information Systems & Global Services               | 10                       | 11                  | 41                       | 44                   |
| Space Systems                                       | 2                        | 2                   | 7                        | 5                    |
| Segments  | <u>28</u>                | <u>27</u>           | <u>109</u>               | <u>109</u>           |
| Unallocated corporate expense, net                  | -                        | 1                   | -                        | 9                    |
| <b>Total amortization of purchased intangibles</b>  | <b><u>\$ 28</u></b>      | <b><u>\$ 28</u></b> | <b><u>\$ 109</u></b>     | <b><u>\$ 118</u></b> |

**LOCKHEED MARTIN CORPORATION**  
**Condensed Consolidated Balance Sheet**  
**Unaudited**  
**(In millions, except percentages)**

|   | <u>DECEMBER 31,</u><br><u>2009</u> | <u>DECEMBER 31,</u><br><u>2008</u> |
|---|------------------------------------|------------------------------------|
| <b>Assets</b>   |                                    |                                    |
| Cash and cash equivalents                                     | \$ 2,391                           | \$ 2,168                           |
| Receivables   | 5,995                              | 5,296                              |
| Inventories   | 2,220                              | 1,902                              |
| Deferred income taxes   | 815                                | 755                                |
| Other current assets  | 1,028                              | 562                                |
| Total current assets  | <u>12,449</u>                      | <u>10,683</u>                      |
| Property, plant and equipment, net                            | 4,520                              | 4,488                              |
| Goodwill  | 9,948                              | 9,526                              |
| Purchased intangibles, net                                    | 311                                | 355                                |
| Prepaid pension asset   | 160                                | 122                                |
| Deferred income taxes   | 3,779                              | 4,651                              |
| Other assets  | 3,938                              | 3,614                              |
| <b>Total assets</b>   | <u><u>\$ 35,105</u></u>            | <u><u>\$ 33,439</u></u>            |
| <b>Liabilities and Stockholders' Equity</b>                   |                                    |                                    |
| Accounts payable  | \$ 2,026                           | \$ 2,030                           |
| Customer advances and amounts in excess of costs incurred     | 5,015                              | 4,535                              |
| Other current liabilities                                     | 3,631                              | 3,735                              |
| Current maturities of long-term debt                          | -                                  | 242                                |
| Total current liabilities                                     | <u>10,672</u>                      | <u>10,542</u>                      |
| Long-term debt, net   | 5,052                              | 3,563                              |
| Accrued pension liabilities                                   | 10,823                             | 12,004                             |
| Other postretirement benefit and other noncurrent liabilities | 4,429                              | 4,465                              |
| Stockholders' equity  | 4,129                              | 2,865                              |
| <b>Total liabilities and stockholders' equity</b>             | <u><u>\$ 35,105</u></u>            | <u><u>\$ 33,439</u></u>            |
| <b>Total debt-to-capitalization ratio:</b>                    | <u><u>55%</u></u>                  | <u><u>57%</u></u>                  |

**LOCKHEED MARTIN CORPORATION**  
**Condensed Consolidated Statement of Cash Flows**  
**Unaudited**  
**(In millions)**

|   | <b>YEAR ENDED</b>        |                          |
|---|--------------------------|--------------------------|
|   | <b>December 31, 2009</b> | <b>December 31, 2008</b> |
| <b><u>Operating Activities</u></b>  |                          |                          |
| Net earnings  | \$ 3,024                 | \$ 3,217                 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: |                          |                          |
| Depreciation and amortization of plant and equipment                                | 750                      | 727                      |
| Amortization of purchased intangibles   | 109                      | 118                      |
| Stock-based compensation  | 154                      | 155                      |
| Excess tax benefits on stock compensation   | (21)                     | (92)                     |
| Discretionary contributions to pension trust  | (1,482)                  | (109)                    |
| Changes in operating assets and liabilities:  |                          |                          |
| Receivables   | (654)                    | (333)                    |
| Inventories   | (270)                    | (183)                    |
| Accounts payable  | (26)                     | (141)                    |
| Customer advances and amounts in excess of costs incurred                           | 447                      | 313                      |
| Other   | 1,142                    | 749                      |
| <b>Net cash provided by operating activities</b>                                    | <b>3,173</b>             | <b>4,421</b>             |
| <b><u>Investing Activities</u></b>  |                          |                          |
| Expenditures for property, plant and equipment                                      | (852)                    | (926)                    |
| Net proceeds from (payments for) short-term investment transactions                 | (279)                    | 272                      |
| Acquisitions of businesses / investments in affiliates                              | (435)                    | (233)                    |
| Other   | 48                       | (20)                     |
| <b>Net cash used for investing activities</b>                                       | <b>(1,518)</b>           | <b>(907)</b>             |
| <b><u>Financing Activities</u></b>  |                          |                          |
| Repurchases of common stock   | (1,851)                  | (2,931)                  |
| Issuances of common stock and related amounts                                       | 40                       | 250                      |
| Excess tax benefits on stock based compensation                                     | 21                       | 92                       |
| Common stock dividends  | (908)                    | (737)                    |
| Issuance of long-term debt, net of related costs                                    | 1,464                    | 491                      |
| Repayments of long-term debt  | (242)                    | (1,103)                  |
| <b>Net cash used for financing activities</b>                                       | <b>(1,476)</b>           | <b>(3,938)</b>           |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                 | <b>44</b>                | <b>(56)</b>              |
| <b>Net increase (decrease) in cash and cash equivalents</b>                         | <b>223</b>               | <b>(480)</b>             |
| <b>Cash and cash equivalents at beginning of period</b>                             | <b>2,168</b>             | <b>2,648</b>             |
| <b>Cash and cash equivalents at end of period</b>                                   | <b>\$ 2,391</b>          | <b>\$ 2,168</b>          |

**LOCKHEED MARTIN CORPORATION**  
**Condensed Consolidated Statement of Stockholders' Equity**  
**Unaudited**  
(In millions, except per share data)

|  | <b>Common<br/>Stock</b> | <b>Additional<br/>Paid-In<br/>Capital</b> | <b>Retained<br/>Earnings</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Loss</b> | <b>Total<br/>Stockholders'<br/>Equity</b> |
|--|-------------------------|---|------------------------------|---|---|
| <b>Balance at December 31, 2008</b>        | \$ 393                  | \$ -                                      | \$ 11,621                    | \$ (9,149)  | \$ 2,865                                  |
| <b>Net earnings</b>                        |                         |   | 3,024                        |   | 3,024                                     |
| <b>Common stock dividends declared (a)</b> |                         |   | (908)                        |   | (908)                                     |
| <b>Stock-based awards and other</b>        | 5                       | 440                                       |                              |   | 445                                       |
| <b>Common stock repurchases (b)</b>        | (25)                    | (440)                                     | (1,386)                      |   | (1,851)                                   |
| <b>Other comprehensive income (c)</b>      |                         |   |                              | 554   | 554                                       |
| <b>Balance at December 31, 2009</b>        | <u>\$ 373</u>           | <u>\$ -</u>                               | <u>\$ 12,351</u>             | <u>\$ (8,595)</u>                                       | <u>\$ 4,129</u>                           |

(a) Includes dividends (\$0.57 per share) declared and paid in the first, second and third quarters and a dividend (\$0.63 per share) paid in the fourth quarter.

(b) The Corporation repurchased 6.6 million shares for \$489 million during the fourth quarter. During the year, the Corporation repurchased 24.9 million common shares for \$1.9 billion. The Corporation has 28.8 million shares remaining under its share repurchase program as of the end of 2009.

(c) At Dec. 31, 2009, the Corporation recognized a non-cash, after-tax improvement to stockholders' equity of \$495 million, as a result of the required remeasurement of the postretirement benefit plans. The increase was primarily the net result of an actual return on plan assets in 2009 of 20% partially offset by a lower discount rate at Dec. 31, 2009 of 5.875% compared to 6.125% at Dec. 31, 2008.

**LOCKHEED MARTIN CORPORATION**

**Operating Data**

**Unaudited**

|                                       | <b>December 31,<br/>2009</b> | <b>December 31,<br/>2008</b> |
|---------------------------------------|------------------------------|------------------------------|
| <b>Backlog</b>                        |                              |                              |
| <b>(In millions)</b>                  |                              |                              |
| Aeronautics                           | \$ 26,700                    | \$ 27,200                    |
| Electronic Systems                    | 21,900 <sup>1</sup>          | 22,500                       |
| Information Systems & Global Services | 12,600 <sup>2</sup>          | 13,300                       |
| Space Systems                         | 16,800                       | 17,900                       |
| <b>Total</b>                          | <b>\$ 78,000</b>             | <b>\$ 80,900</b>             |

<sup>1</sup> Reflects the termination for convenience of the VH-71 program, a \$985 million reduction of backlog.

<sup>2</sup> Reflects the termination for convenience of the TSAT Mission Operations System (TMOS) program, a \$1,600 million reduction of backlog.

|                                   | <b>QUARTER ENDED</b>            |                                 | <b>YEAR ENDED</b>               |                                 |
|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b><u>Aircraft Deliveries</u></b> | <b><u>December 31, 2009</u></b> | <b><u>December 31, 2008</u></b> | <b><u>December 31, 2009</u></b> | <b><u>December 31, 2008</u></b> |
| <b>F-16</b>                       | <b>7</b>                        | <b>5</b>                        | <b>31</b>                       | <b>28</b>                       |
| <b>F-22</b>                       | <b>6</b>                        | <b>6</b>                        | <b>20</b>                       | <b>23</b>                       |
| <b>C-130J</b>                     | <b>6</b>                        | <b>3</b>                        | <b>16</b>                       | <b>12</b>                       |