

**LOCKHEED MARTIN CORPORATION**  
**Condensed Consolidated Statements of Earnings**  
**Unaudited**  
(\$ millions, except per share data and percentages)

	<b>THREE MONTHS ENDED</b>		<b>SIX MONTHS ENDED</b>	
	<b>June 26, 2011</b> <sup>(a) (b)</sup>	June 27, 2010 <sup>(a) (b)</sup>	<b>June 26, 2011</b> <sup>(a) (b)</sup>	June 27, 2010 <sup>(a) (b)</sup>
Net sales	\$ 11,551	\$ 11,280	\$ 22,184	\$ 21,617
Cost of sales	10,654	10,238	20,485	19,679
Gross profit	897	1,042	1,699	1,938
Other income, net	87	73	137	115
Operating profit	984	1,115	1,836	2,053
Interest expense	84	86	169	173
Other non-operating income (expense), net	9	(19)	28	9
Earnings from continuing operations before income taxes	909	1,010	1,695	1,889
Income tax expense	167	296	405	656
Net earnings from continuing operations	742	714	1,290	1,233
Net earnings (loss) from discontinued operations <sup>(c)</sup>	-	110	(18)	124
Net earnings	\$ 742	\$ 824	\$ 1,272	\$ 1,357
Effective tax rate	18.4%	29.3%	23.9%	34.7%
<b>Earnings (loss) per common share</b>				
<b>Basic</b>				
Continuing operations	\$ 2.16	\$ 1.94	\$ 3.73	\$ 3.33
Discontinued operations	-	0.30	(0.05)	0.33
Basic earnings per common share	\$ 2.16	\$ 2.24	\$ 3.68	\$ 3.66
<b>Diluted</b>				
Continuing operations	\$ 2.14	\$ 1.92	\$ 3.69	\$ 3.29
Discontinued operations	-	0.30	(0.05)	0.33
Diluted earnings per common share	\$ 2.14	\$ 2.22	\$ 3.64	\$ 3.62
<b>Average number of shares outstanding</b>				
Basic	342.8	367.6	345.6	370.6
Diluted	346.6	371.7	349.6	374.7
<b>Common shares reported in stockholders' equity at quarter end:</b>			333.2	360.0

<sup>(a)</sup> It is the Corporation's practice to close its books and records on the Sunday prior to the end of the calendar quarter. The interim financial statements and tables of financial information included herein are based on that convention.

<sup>(b)</sup> As previously disclosed, the Corporation changed its methodology for recognizing net sales for service contracts with the U.S. Government effective Jan. 1, 2011. The Corporation now recognizes sales on these contracts using the preferable percentage-of-completion (POC) method consistent with its accounting for product sales and others in the industry. All prior periods herein presented have been adjusted for this immaterial change.

<sup>(c)</sup> Discontinued operations include the operating results of Pacific Architects and Engineers, Inc. (PAE) for 2010 and through the date of its sale on April 4, 2011, and those of Enterprise Integration Group (EIG) in 2010. The Corporation closed on its sale of EIG on Nov. 22, 2010.

**LOCKHEED MARTIN CORPORATION**  
**Net Sales, Operating Profit and Margins**  
**Unaudited**  
(\$ millions, except percentages)

	<b>THREE MONTHS ENDED</b>			<b>SIX MONTHS ENDED</b>		
	<b>June 26, 2011</b>	June 27, 2010	<b>% Change</b>	<b>June 26, 2011</b>	June 27, 2010	<b>% Change</b>
<b><u>Net sales</u></b>						
Aeronautics	\$ 3,423	\$ 3,143	9 %	\$ 6,605	\$ 6,083	9 %
Electronic Systems	3,755	3,534	6	7,214	6,784	6
Information Systems & Global Solutions	2,361	2,522	(6)	4,510	4,756	(5)
Space Systems	2,012	2,081	(3)	3,855	3,994	(3)
<b>Total</b>	<b>\$ 11,551</b>	<b>\$ 11,280</b>	<b>2 %</b>	<b>\$ 22,184</b>	<b>\$ 21,617</b>	<b>3 %</b>
<b><u>Operating profit</u></b>						
Aeronautics	\$ 400	\$ 370	8 %	\$ 731	\$ 701	4 %
Electronic Systems	466	441	6	883	820	8
Information Systems & Global Solutions	213	210	1	407	407	-
Space Systems	263	246	7	480	453	6
<b>Total business segments</b>	<b>1,342</b>	<b>1,267</b>	<b>6</b>	<b>2,501</b>	<b>2,381</b>	<b>5</b>
Unallocated corporate expense, net	(358)	(152)		(665)	(328)	
<b>Total</b>	<b>\$ 984</b>	<b>\$ 1,115</b>	<b>(12) %</b>	<b>\$ 1,836</b>	<b>\$ 2,053</b>	<b>(11) %</b>
<b><u>Margins</u></b>						
Aeronautics	11.7 %	11.8 %		11.1 %	11.5 %	
Electronic Systems	12.4	12.5		12.2	12.1	
Information Systems & Global Solutions	9.0	8.3		9.0	8.6	
Space Systems	13.1	11.8		12.5	11.3	
<b>Total business segments</b>	<b>11.6</b>	<b>11.2</b>		<b>11.3</b>	<b>11.0</b>	
<b>Total consolidated</b>	<b>8.5 %</b>	<b>9.9 %</b>		<b>8.3 %</b>	<b>9.5 %</b>	

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

	<b>THREE MONTHS ENDED</b>		<b>SIX MONTHS ENDED</b>	
	<b>June 26, 2011</b>	<b>June 27, 2010</b>	<b>June 26, 2011</b>	<b>June 27, 2010</b>
<b><u>Unallocated corporate expense, net</u></b>				
FAS/CAS pension adjustment:				
FAS pension expense	\$ (456)	\$ (357)	\$ (911)	\$ (714)
Less: CAS expense	(226)	(247)	(450)	(494)
FAS/CAS pension adjustment - expense	(230)	(110)	(461)	(220)
Unusual Item - severance charges	(97)	-	(97)	-
Other, net	(31)	(42)	(107)	(108)
<b>Total</b>	<b>\$ (358)</b>	<b>\$ (152)</b>	<b>\$ (665)</b>	<b>\$ (328)</b>

  

	<b>THREE MONTHS ENDED JUNE 26, 2011</b>			<b>SIX MONTHS ENDED JUNE 26, 2011</b>		
	<b>Operating profit</b>	<b>Net earnings</b>	<b>Earnings per share</b>	<b>Operating profit</b>	<b>Net earnings</b>	<b>Earnings per share</b>
<b><u>Unusual Items - 2011</u></b>						
Severance charges	\$ (97)	\$ (63)	\$ (0.18)	\$ (97)	\$ (63)	\$ (0.18)
Resolution of certain adjustments related to tax years 2003-2008	-	89	0.26	-	89	0.25
<b>Total</b>	<b>\$ (97)</b>	<b>\$ 26</b>	<b>\$ 0.08</b>	<b>\$ (97)</b>	<b>\$ 26</b>	<b>\$ 0.07</b>

  

	<b>THREE MONTHS ENDED JUNE 27, 2010</b>			<b>SIX MONTHS ENDED JUNE 27, 2010</b>		
	<b>Operating profit</b>	<b>Net earnings</b>	<b>Earnings per share</b>	<b>Operating profit</b>	<b>Net earnings</b>	<b>Earnings per share</b>
<b><u>Unusual Item - 2010</u></b>						
Elimination of Medicare Part D deferred tax assets	\$ -	\$ -	\$ -	\$ -	\$ (96)	\$ (0.25)

**LOCKHEED MARTIN CORPORATION****Selected Financial Data****Unaudited****(\$ millions)**

	<b>THREE MONTHS ENDED</b>		<b>SIX MONTHS ENDED</b>	
	<b>June 26, 2011</b>	June 27, 2010	<b>June 26, 2011</b>	June 27, 2010
<b><u>Depreciation and amortization of plant and equipment</u></b>				
Aeronautics	\$ 52	\$ 48	\$ 105	\$ 95
Electronic Systems	53	58	107	112
Information Systems & Global Solutions	13	14	24	28
Space Systems	44	44	89	87
<b>Total business segments</b>	<b>162</b>	164	<b>325</b>	322
Unallocated corporate expense, net	12	15	24	29
<b>Total depreciation and amortization of plant and equipment</b>	<b>\$ 174</b>	<b>\$ 179</b>	<b>\$ 349</b>	<b>\$ 351</b>

**LOCKHEED MARTIN CORPORATION**  
**Condensed Consolidated Balance Sheets**  
**Unaudited**  
(\$ millions)

	<u>JUNE 26, 2011</u>	<u>DECEMBER 31, 2010</u>
<b><u>Assets</u></b>		
Current assets		
Cash and cash equivalents	\$ 3,268	\$ 2,261
Short-term investments	254	516
Receivables, net	6,547	5,692
Inventories	2,226	2,363
Deferred income taxes	1,140	1,147
Other current assets	519	518
Assets of discontinued operation held for sale	-	396
Total current assets	<u>13,954</u>	<u>12,893</u>
Property, plant and equipment, net	4,421	4,554
Goodwill	9,615	9,605
Deferred income taxes	3,268	3,485
Other assets	4,460	4,576
<b>Total assets</b>	<u><b>\$ 35,718</b></u>	<u><b>\$ 35,113</b></u>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Current liabilities		
Accounts payable	\$ 2,219	\$ 1,627
Customer advances and amounts in excess of costs incurred	6,037	5,890
Salaries, benefits and payroll taxes	1,819	1,870
Other current liabilities	1,981	1,810
Liabilities of discontinued operation held for sale	-	204
Total current liabilities	<u>12,056</u>	<u>11,401</u>
Long-term debt, net	5,031	5,019
Accrued pension liabilities	10,720	10,607
Other postretirement benefit liabilities	1,240	1,213
Other liabilities	3,383	3,376
<b>Total liabilities</b>	<u><b>32,430</b></u>	<u><b>31,616</b></u>
Stockholders' equity		
Common stock, \$1 par value per share	333	346
Additional paid-in capital	-	-
Retained earnings	11,626	12,161
Accumulated other comprehensive loss	(8,671)	(9,010)
Total stockholders' equity	<u>3,288</u>	<u>3,497</u>
<b>Total liabilities and stockholders' equity</b>	<u><b>\$ 35,718</b></u>	<u><b>\$ 35,113</b></u>

**LOCKHEED MARTIN CORPORATION**  
**Condensed Consolidated Statements of Cash Flows**  
**Unaudited**  
(\$ millions)

	<b>SIX MONTHS ENDED</b>	
	<u>June 26, 2011</u>	<u>June 27, 2010</u>
<b><u>Operating Activities</u></b>		
Net earnings	\$ 1,272	\$ 1,357
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization of plant and equipment	349	351
Amortization of purchased intangibles	39	49
Stock-based compensation	79	82
Deferred income taxes	59	34
Severance charges	97	-
Reduction in tax expense from resolution of certain tax matters	(89)	-
Tax benefit related to sale of PAE	(15)	(96)
Tax expense related to Medicare Part D reimbursement	-	96
Changes in operating assets and liabilities		
Receivables, net	(861)	(536)
Inventories	148	(199)
Accounts payable	592	242
Customer advances and amounts in excess of costs incurred	151	143
Postretirement benefit plans	622	366
Income taxes	196	588
Other, net	(112)	397
<b>Net cash provided by operating activities</b>	<b><u>2,527</u></b>	<b><u>2,874</u></b>
<b><u>Investing Activities</u></b>		
Expenditures for property, plant and equipment	(242)	(223)
Net cash provided by (used for) short-term investment transactions	260	(531)
Other, net	236	(50)
<b>Net cash provided by (used for) investing activities</b>	<b><u>254</u></b>	<b><u>(804)</u></b>
<b><u>Financing Activities</u></b>		
Repurchases of common stock	(1,313)	(1,247)
Common stock dividends	(524)	(471)
Issuances of common stock and related amounts	65	45
Cash premium and transaction costs for debt exchange	-	(47)
Other	(12)	-
<b>Net cash used for financing activities</b>	<b><u>(1,784)</u></b>	<b><u>(1,720)</u></b>
Effect of exchange rate changes on cash and cash equivalents	10	(19)
<b>Net increase in cash and cash equivalents</b>	<b>1,007</b>	<b>331</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,261</b>	<b>2,391</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 3,268</u></b>	<b><u>\$ 2,722</u></b>

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

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Stockholders' Equity</b>
<b>Balance at December 31, 2010</b>	\$ 346	\$ -	\$ 12,372	\$ (9,010)	\$ 3,708
<b>Cumulative effect of a change in accounting principle <sup>(a)</sup></b>	-	-	(211)	-	(211)
<b>Balance at December 31, 2010, as adjusted</b>	<b>346</b>	<b>-</b>	<b>12,161</b>	<b>(9,010)</b>	<b>3,497</b>
<b>Net earnings</b>	-	-	1,272	-	1,272
<b>Repurchases of common stock <sup>(b)</sup></b>	(17)	(261)	(1,021)	-	(1,299)
<b>Common stock dividends declared <sup>(c)</sup></b>	-	-	(786)	-	(786)
<b>Stock-based awards and ESOP activity</b>	4	261	-	-	265
<b>Other comprehensive income <sup>(d)</sup></b>	-	-	-	339	339
<b>Balance at June 26, 2011</b>	<b>\$ 333</b>	<b>\$ -</b>	<b>\$ 11,626</b>	<b>\$ (8,671)</b>	<b>\$ 3,288</b>

(a) As previously disclosed, the Corporation changed its methodology for recognizing net sales for service contracts with the U.S. Government effective Jan. 1, 2011. The Corporation now recognizes sales on those contracts using the preferable percentage-of-completion (POC) method consistent with its accounting for product sales and others in the industry. All prior periods presented have been adjusted for this immaterial change.

(b) The Corporation repurchased 13.0 million shares for \$1.0 billion during the second quarter. Year-to-date, the Corporation repurchased 16.5 million shares for \$1.3 billion. In Oct. 2010, the Corporation's Board of Directors approved a new share repurchase program for the repurchase of its common stock, up to an authorized amount of \$3.0 billion. As of June 26, 2011, the Corporation had repurchased a total of 27.7 million shares under the new program for \$2,074 million, and there remained \$926 million authorized for additional share repurchases.

(c) Includes dividends (\$0.75 per share) declared and paid in the first and second quarters. This amount also includes a dividend (\$0.75 per share) that was declared on June 23, 2011 and is payable on Sept. 23, 2011 to stockholders of record on Sept. 1, 2011.

(d) Primarily represents the reclassification adjustment for recognition of prior period amounts related to postretirement benefit plans of \$330 million.

**LOCKHEED MARTIN CORPORATION**

**Operating Data**

**Unaudited**

	<u>June 26, 2011</u>	<u>December 31, 2010</u>
<b><u>Backlog</u></b>		
(\$ millions)		
Aeronautics	\$ 29,900	\$ 27,500
Electronic Systems	22,300	23,400
Information Systems & Global Solutions	8,600	9,700
Space Systems	16,500	17,800
<b>Total</b>	<b>\$ 77,300</b>	<b>\$ 78,400</b>

	<u>THREE MONTHS ENDED</u>		<u>SIX MONTHS ENDED</u>	
<b><u>Aircraft Deliveries</u></b>	<u>June 26, 2011</u>	<u>June 27, 2010</u>	<u>June 26, 2011</u>	<u>June 27, 2010</u>
<b>F-16</b>	7	5	12	11
<b>F-22</b>	6	4	8	8
<b>F-35</b>	2	-	2	-
<b>C-130J</b>	7	6	13	9
<b>C-5M</b>	1	-	1	-