



Lockheed Martin

2009 3rd Quarter

Financial Results Conference Call

October 20, 2009

Dial In Number:	U.S. & Canada	888-378-0337
	International	719-457-1035

Financial Results - Third Quarter

(\$M, Except EPS)



	<u>2009</u>	<u>2008</u>
Sales	\$ 11,056	\$ 10,577
Segment Operating Profit	\$ 1,266	\$ 1,250
FAS/CAS Adjustment	(113)	32
Other Unallocated Inc / (Exp)	(68)	(40)
Operating Profit	\$ 1,085	\$ 1,242
GAAP EPS	\$ 2.07	\$ 1.92
Cash from Operations	\$ 1,424	\$ 1,056
Capital Expenditures	\$ 182	\$ 229

Third Quarter EPS Reconciliation



	<u>3Q09</u>	<u>3Q08</u>	<u>Change</u>
GAAP EPS	\$2.07	\$1.92	8%
Less Unusual Items	(.15)	(.07)	
Subtotal ex Unusual Items	\$1.92	\$1.85	4%
FAS/CAS Adjustment	.19	(.05)	
Adjusted EPS*	\$2.11	\$1.80	17%

* See Chart 16 for Definitions of Non-GAAP Measures

Financial Results - Year to Date Sept

(\$M, Except EPS)



	<u>2009</u>	<u>2008</u>
Sales	\$ 32,665	\$ 31,599
Segment Operating Profit	\$ 3,742	\$ 3,715
FAS/CAS Adjustment	(342)	96
Other Unallocated Inc / (Exp)	(175)	(28)
Operating Profit	\$ 3,225	\$ 3,783
GAAP EPS	\$ 5.61	\$ 5.82
Cash from Operations	\$ 3,778	\$ 3,424
Capital Expenditures	\$ 481	\$ 503

Year to Date Sept EPS Reconciliation



	<u>3Q09</u>	<u>3Q08</u>	<u>Change</u>
GAAP EPS	\$5.61	\$5.82	(4%)
Less Unusual Items	(.15)	(.23)	
Subtotal ex Unusual Items	\$5.46	\$5.59	(2%)
FAS/CAS Adjustment	.57	(.15)	
Adjusted EPS*	\$6.03	\$5.44	11%

* See Chart 16 for Definitions of Non-GAAP Measures

2009 Outlook Update Summary

(\$M, Except EPS)



	<u>July Outlook</u>	<u>Oct Outlook</u>
Sales	\$44,700 - 45,700	\$44,700 - 45,700
Segment Operating Profit	\$5,075 - 5,175	\$5,075 - 5,175
Mid-Point Segment Margin	11.3%	11.3%
Other Pre-Tax Expense (net)	~ (980)	~ (925)
Earnings Before Income Taxes	\$4,095 - 4,195	\$4,150 - 4,250
GAAP EPS	\$7.15 - 7.35	\$7.40 - 7.60
Cash From Operations	≥ \$4,100	≥ \$3,100*
ROIC	≥ 18.5%	≥ 19.5%

* Incorporates Anticipated \$1.0B Discretionary Contribution to the Defined Benefit Pension Plan Trust Fund

Updated Outlook for 2009 - Earnings Detail

(\$M, Except EPS)



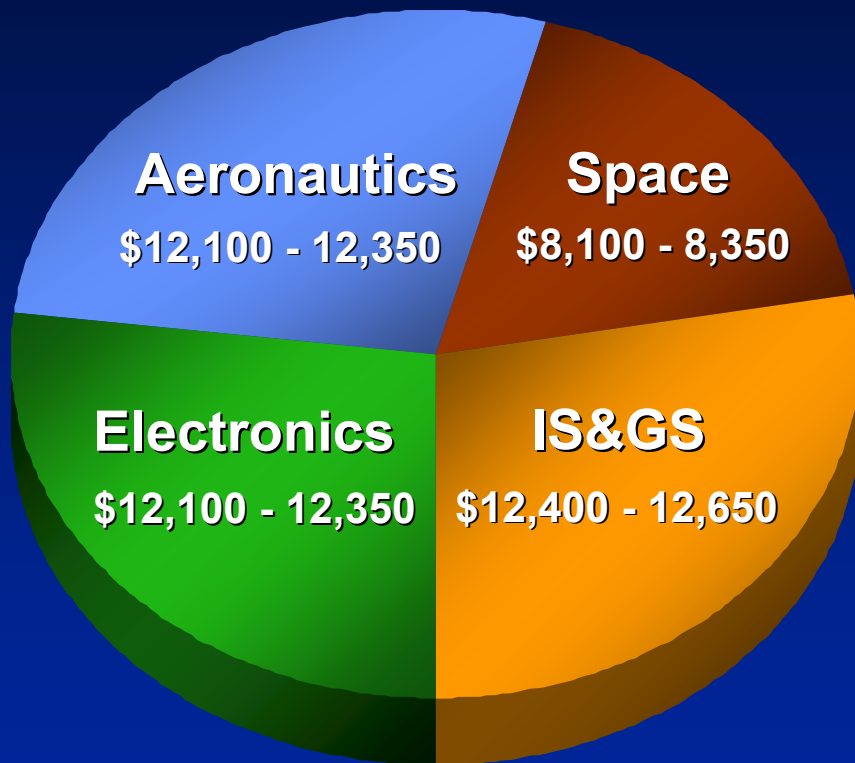
	<u>July Outlook</u>	<u>Oct Outlook</u>
Segment Operating Profit	\$5,075 - 5,175	\$5,075 - 5,175
<u>Unallocated Corp Inc / (Exp)</u>		
FAS/CAS Adjustment	~ (460)	~ (460)
Unusual Items	- -	- -
Stock Comp Expense	~ (160)	~ (160)
Other Unallocated Items	~ (100)	~ (100)
Operating Profit	\$4,355 - 4,455	\$4,355 - 4,455
Interest Expense	~ (305)	~ (305)
Non-Operating Inc / (Exp)	~ 45	~ 100
Earnings Before Income Taxes	\$4,095 - 4,195	\$4,150 - 4,250
GAAP EPS	\$7.15 - 7.35	\$7.40 - 7.60

2009 Sales Outlook

(\$M)



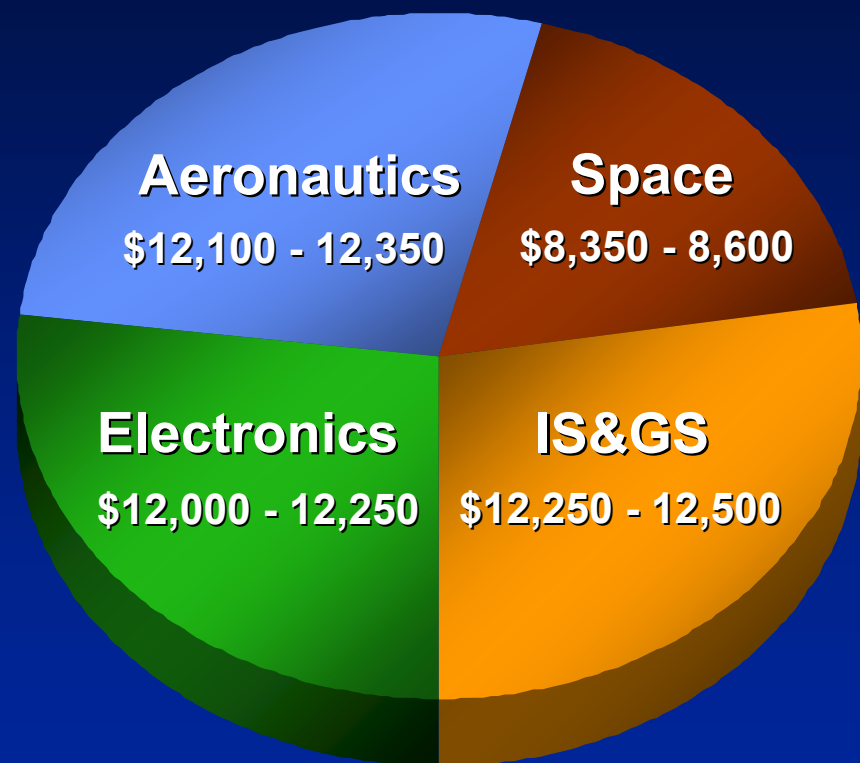
Prior (July)



\$44,700 - 45,700M

Chart 8

Current (Oct)



\$44,700 - 45,700M

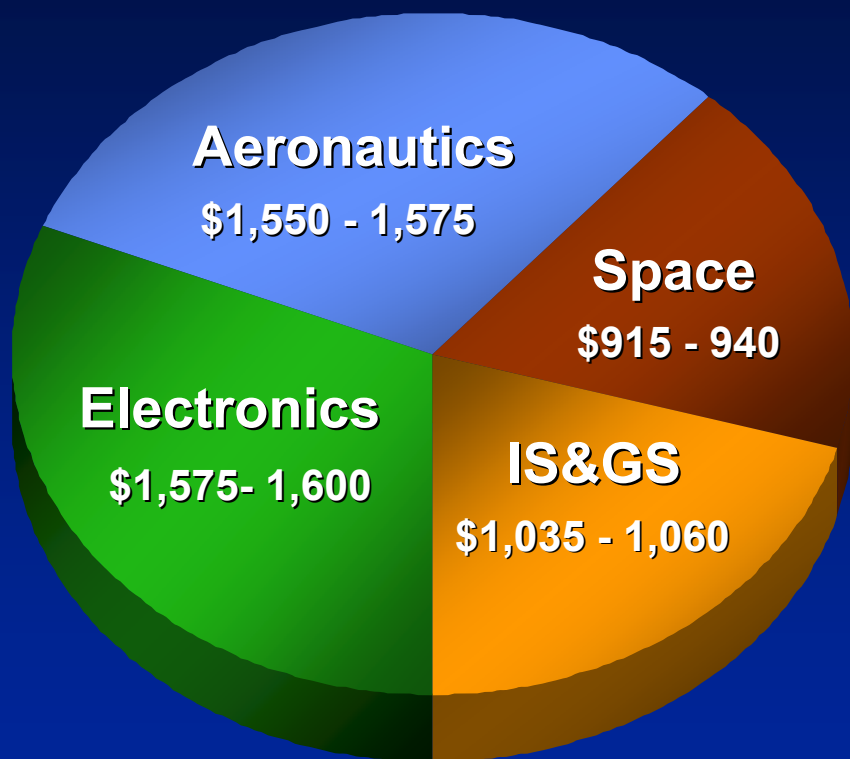
October 20, 2009

2009 Segment Operating Profit Outlook

(\$M)



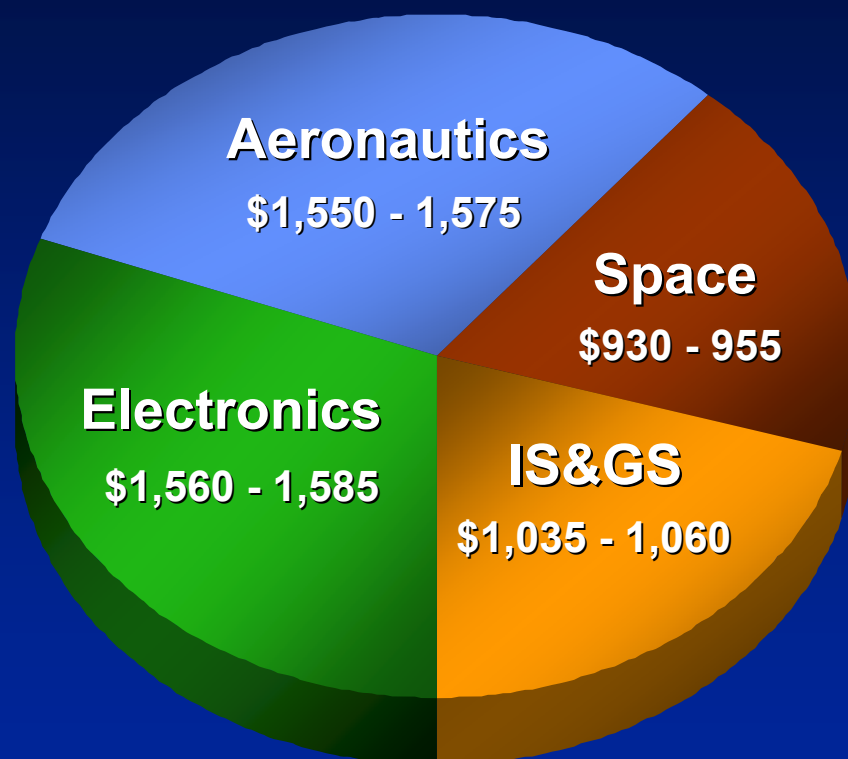
Prior (July)



\$5,075 - 5,175M

Chart 9

Current (Oct)



\$5,075 - 5,175M

October 20, 2009

Outlook Comparison

(\$M, Except EPS)

	<u>2009</u>	<u>2010</u>
Sales	\$44,700 - 45,700	\$46,250 - 47,250
Segment Operating Profit	5,075 - 5,175	5,025 - 5,125
<u>Unallocated Corp Inc / (Exp)</u>		
FAS/CAS Adjustment	~ (460)	~ (495) *
Unusual Items	- -	- -
Stock Comp. Expense	~ (160)	~ (180)
Other Unallocated Items	~ (100)	~ (100)
Operating Profit	4,355 - 4,455	4,250 - 4,350
Interest Expense	~ (305)	~ (275)
Non-Operating Inc / (Exp)	~ 100	- -
Earnings Before Income Taxes	4,150 - 4,250	3,975 - 4,075
GAAP EPS	\$7.40 - 7.60	\$7.05 - 7.25
Cash from Operations	≥ \$3,100	≥ \$3,200
ROIC	≥ 19.5%	≥ 16.5%

* Assumes a 6.125% Discount Rate at 12/31/09, an 8.5% Actual Return on Plan Assets for 2009, and a \$1.0B Discretionary Contribution to the Defined Benefit Pension Plan Trust Fund in 2009

FAS/CAS Adjustment Detail

(\$M)



2009E

2010E

FAS Expense

~ \$ (1,040)

~ \$ (1,485)

CAS Cost

(580)

(990)

FAS/CAS Adjustment

~ \$ (460)

~ \$ (495)

2010 FAS Expense and the associated 2010 FAS/CAS Adjustment assume the Discount Rate at 12/31/09 will be 6.125%, the Actual Return on Plan Assets during 2009 will be 8.5%, and that the Corporation will make a \$1.0B Discretionary Contribution to the Defined Benefit Pension Plan Trust Fund in 2009.

A change of 25 Basis Points in the Discount Rate would result in an approximately \$95M change in FAS Expense and the FAS/CAS Adjustment.

A change of 100 Basis Points in the 2009 Actual Return on Plan Assets would result in an approximately \$10M change in FAS Expense and the FAS/CAS Adjustment.

Pension Funding Impact on Cash Flow



(\$B)

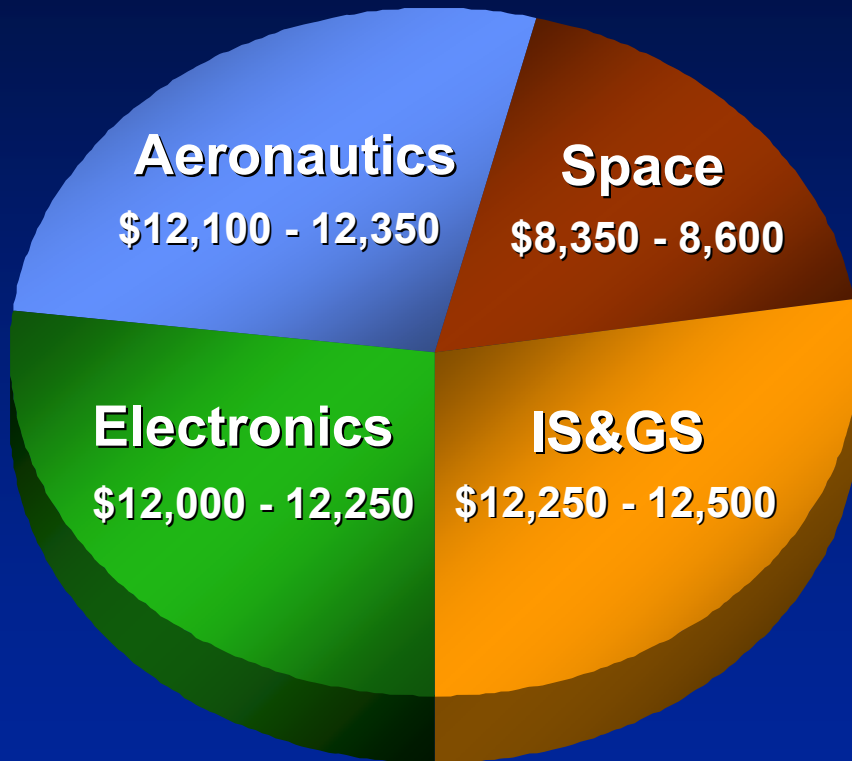
	<u>2009E</u>	<u>2010E</u>
Operating Cash Flow Pre-Pension	≥ \$3.5	≥ \$3.6
Pension Plan Funding	(1.0)	(1.4)
CAS Cost Recovery	<u>0.6</u>	<u>1.0</u>
Net Pension Plan Funding	(0.4)	(0.4)
Cash From Operations	≥ \$3.1	≥ \$3.2

Sales Outlook

(\$M)

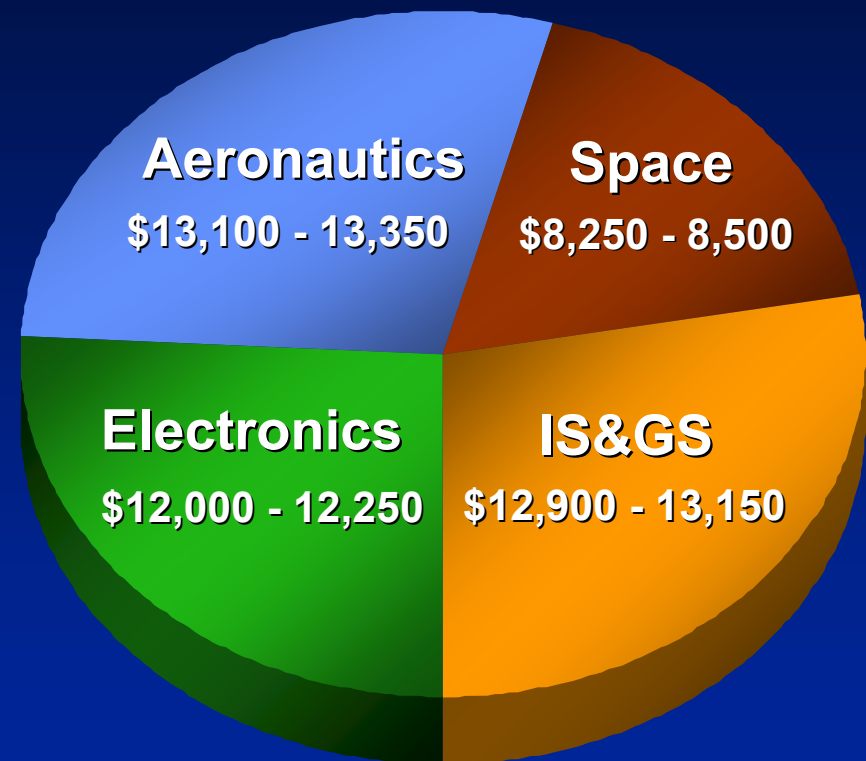


2009



\$44,700 - 45,700M

2010



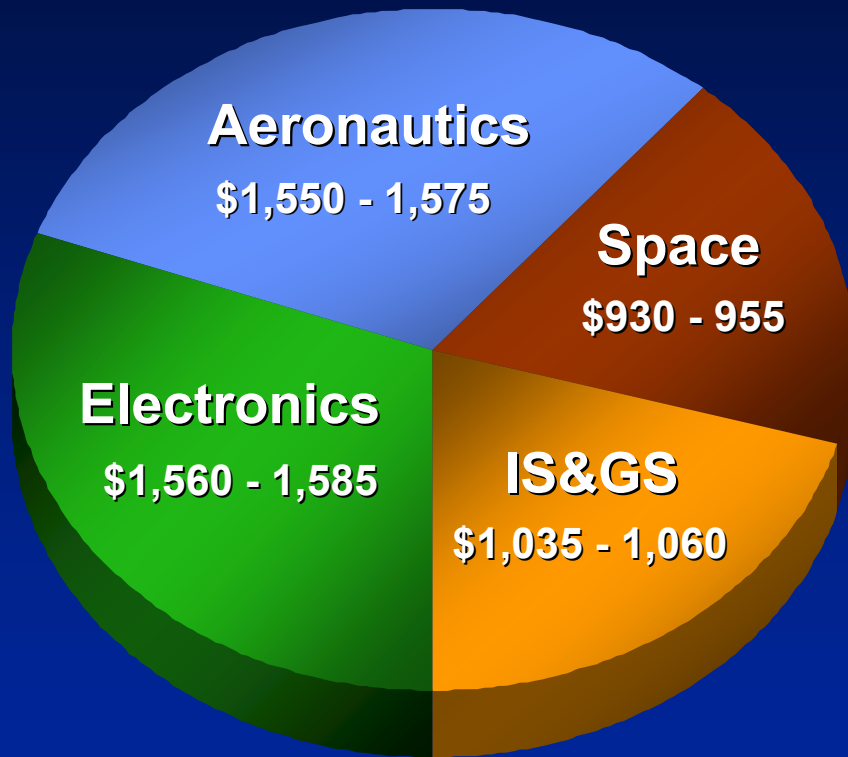
\$46,250 - 47,250M

Segment Operating Profit Outlook

(\$M)

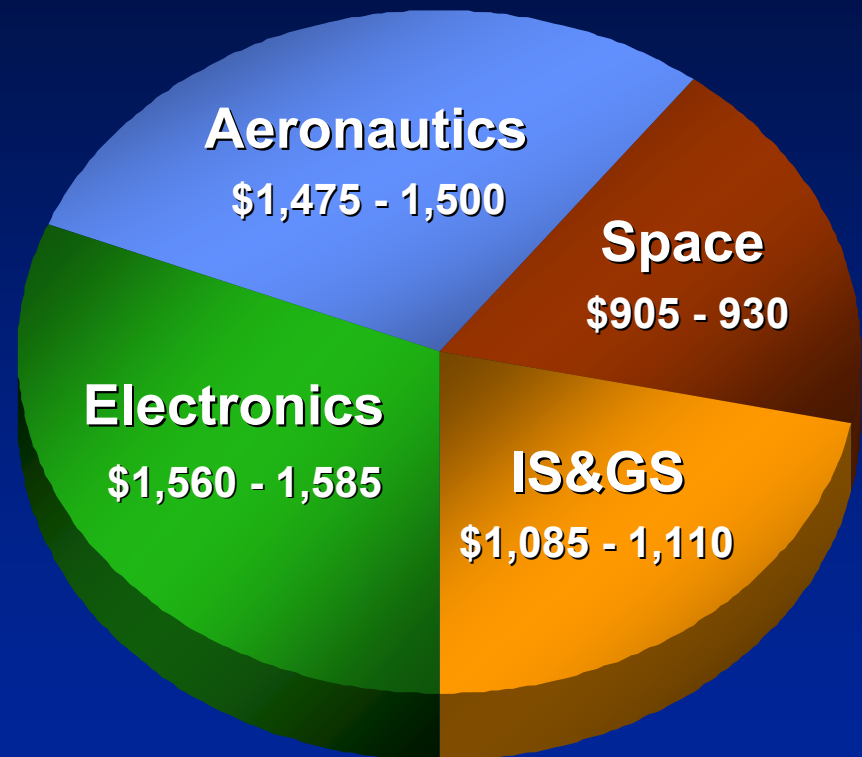


2009



\$5,075 - 5,175M

2010



\$5,025 - 5,125M

ROIC Calculation

(\$M)



	<u>Actual</u> <u>2008</u>	<u>Outlook</u> <u>2009</u>	<u>Outlook</u> <u>2010</u>
Net Earnings	\$3,217	} Combined	Combined
Interest Exp x .65	222		
Return	\$3,439	≥ \$3,100	≥ \$2,900
Debt (Average)	\$4,346	} Combined	Combined
Equity (Average)	8,236		
Benefit Plan Adjustments (Average)	3,256		
Invested Capital (Average)	\$15,838	≤ \$15,900	≤ \$17,600
ROIC	21.7%	≥ 19.5%	≥ 16.5%

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.

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>2009 Outlook (July)</u>	<u>2009 Outlook (Oct)</u>
Sales	\$44,700 - 45,700	\$44,700 - 45,700
Segment Operating Profit	\$5,075 - 5,175	\$5,075 - 5,175
Mid-Point Segment Margin	11.3%	11.3%
Consolidated Operating Profit	\$4,355 - 4,455	\$4,355 - 4,455
Mid-Point Operating Margin	9.7%	9.7%

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.

Adjusted Net Earnings / Adjusted Earnings Per Share

Lockheed Martin defines adjusted net earnings / adjusted earnings per share as GAAP net earnings / GAAP earnings per share before the impact of the FAS/CAS adjustment and the effects of discrete or unusual items that are not considered part of management's evaluation of operational and financial performance. Refer to our second quarter earnings release (July 21, 2009) for a description of these unusual items.

Management uses these measures to compare segment performance and for comparisons to other companies within our industry as an alternative to GAAP. These measures also may be helpful to investors in understanding period-over-period financial results separate and apart from items that may, or could, have a disproportionate positive or negative impact on our financial results in any particular period.

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; 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 2008 Form 10-K and 2009 10-Qs, contain more information on the types of risks and other factors that could adversely affect these statements.

2009 Financial Results are Unaudited



Investor Relations Contacts:

Jerry Kircher, 301/897-6584

Shamala Littlefield, 301/897-6455