



Lockheed Martin

2008 3rd Quarter

Financial Results Conference Call

October 21, 2008

Dial In Number:	U.S. & Canada	877-591-4957
	International	719-325-4933

Financial Results - Third Quarter

(\$M, Except EPS)



	<u>2008</u>	<u>2007</u>
Sales	\$ 10,577	\$ 11,095
Segment Operating Profit	\$ 1,250	\$ 1,226
Unallocated Corp Inc / (Exp)	(8)	(63)
Operating Profit	\$ 1,242	\$ 1,163
GAAP EPS	\$ 1.92	\$ 1.80
Cash from Operations	\$ 1,033	\$ 935
Capital Expenditures	\$ 229	\$ 226

Financial Results - Year to Date Sept

(\$M, Except EPS)



	<u>2008</u>	<u>2007</u>
Sales	\$ 31,599	\$ 31,021
Segment Operating Profit	\$ 3,715	\$ 3,435
Unallocated Corp Inc / (Exp)	68	(123)
Operating Profit	\$ 3,783	\$ 3,312
GAAP EPS	\$ 5.82	\$ 5.21
Cash from Operations	\$ 3,406	\$ 3,821
Capital Expenditures	\$ 503	\$ 480

2008 Outlook Update Summary

(\$M, Except EPS)



	<u>July Outlook</u>	<u>Oct Outlook</u>
Sales	\$41,900 - 42,900	\$41,900 - 42,900
Segment Operating Profit	\$4,825 - 4,925	\$4,850 - 4,950
Mid-Point Segment Margin	11.5%	11.6%
Other Pre-Tax Expense (net)	~ (270)	~ (340)
Earnings Before Income Taxes	\$4,555 - 4,655	\$4,510 - 4,610
GAAP EPS	\$7.45 - 7.60	\$7.55 - 7.70
Cash From Operations	≥ \$4,300	≥ \$4,300
ROIC	≥ 20.0%	≥ 21.0%

Updated Outlook for 2008 - Earnings Detail

(\$M, Except EPS)



	<u>July Outlook</u>	<u>Oct Outlook</u>
Segment Operating Profit	\$4,825 - 4,925	\$4,850 - 4,950
<u>Unallocated Corp Inc / (Exp)</u>		
FAS/CAS Adjustment	~ 125	~ 125
Unusual Items	~ 100	~ 145
Stock Comp Expense	~ (155)	~ (155)
Other Unallocated Items	~ (40)	~ (65)
Operating Profit	\$4,855 - 4,955	\$4,900 - 5,000
Interest Expense	~ (345)	~ (340)
Non-Operating Inc / (Exp)	~ 45	~ (50)
Earnings Before Income Taxes	\$4,555 - 4,655	\$4,510 - 4,610
GAAP EPS	\$7.45 - 7.60	\$7.55 - 7.70

2008 EPS Update

(\$)



Prior EPS Estimate (July 2008)	\$7.45 - \$7.60
---------------------------------------	------------------------

Operational Improvements	0.04
---------------------------------	-------------

Non-Operational Items

Unusual Item - Deferred Gain	0.07
------------------------------	------

R&D Tax Credit Benefit	0.09
------------------------	------

Unrealized Losses on Investments	(0.15)
----------------------------------	--------

Lower Share Count	0.03
-------------------	------

All Other	0.02
-----------	------

Subtotal Non-Operational Items	0.06
---------------------------------------	-------------

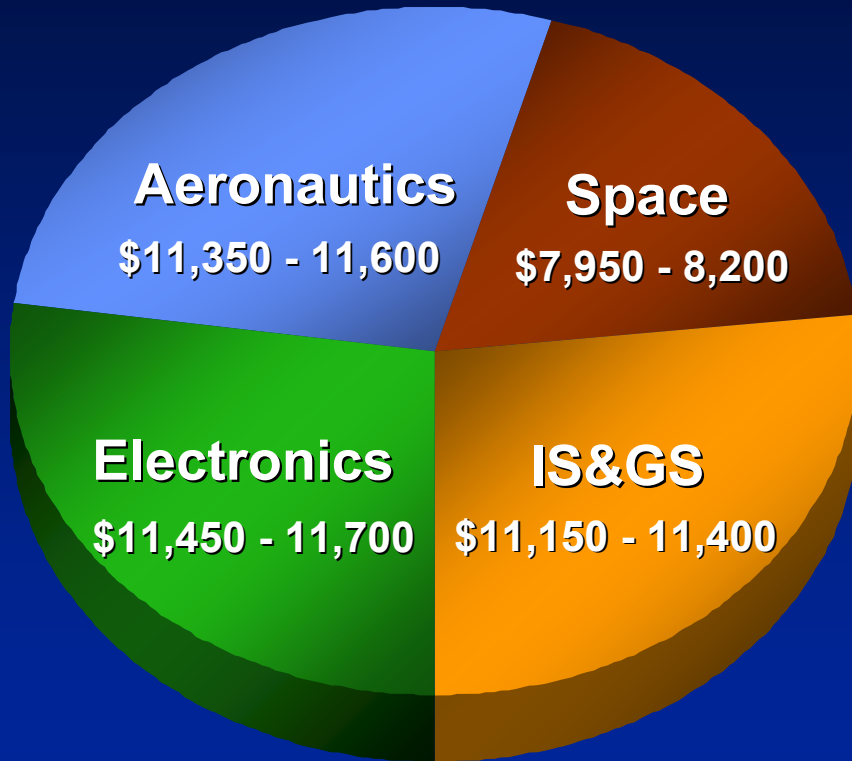
Current EPS Estimate (October 2008)	\$7.55 - \$7.70
--	------------------------

Sales Outlook

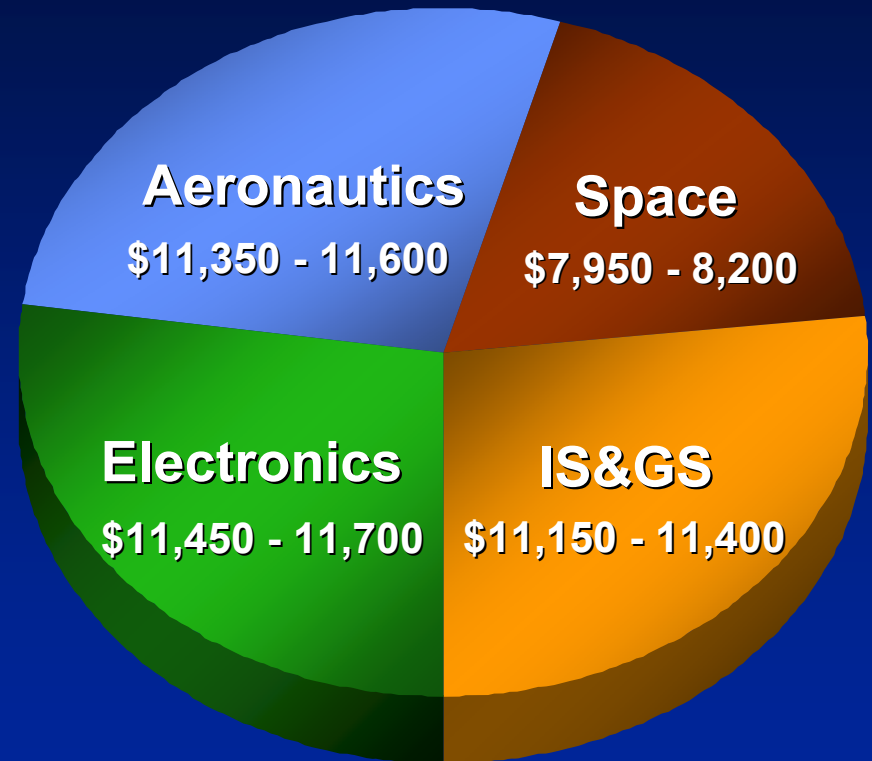
(\$M)



Prior (July)



Current (Oct)



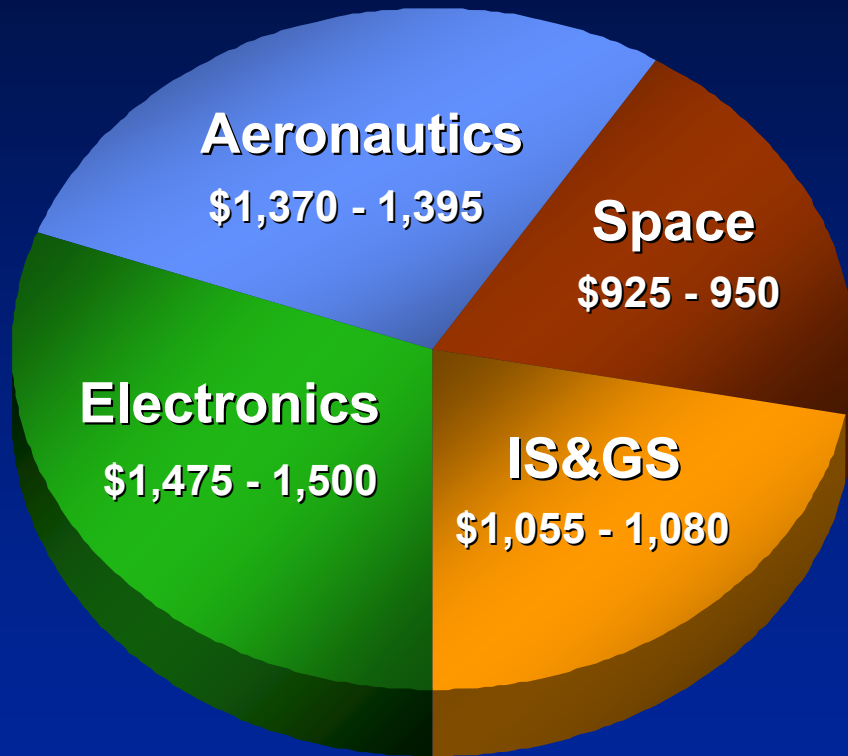
Sales Estimate Unchanged at \$41,900 - 42,900M

Segment Operating Profit Outlook

(\$M)



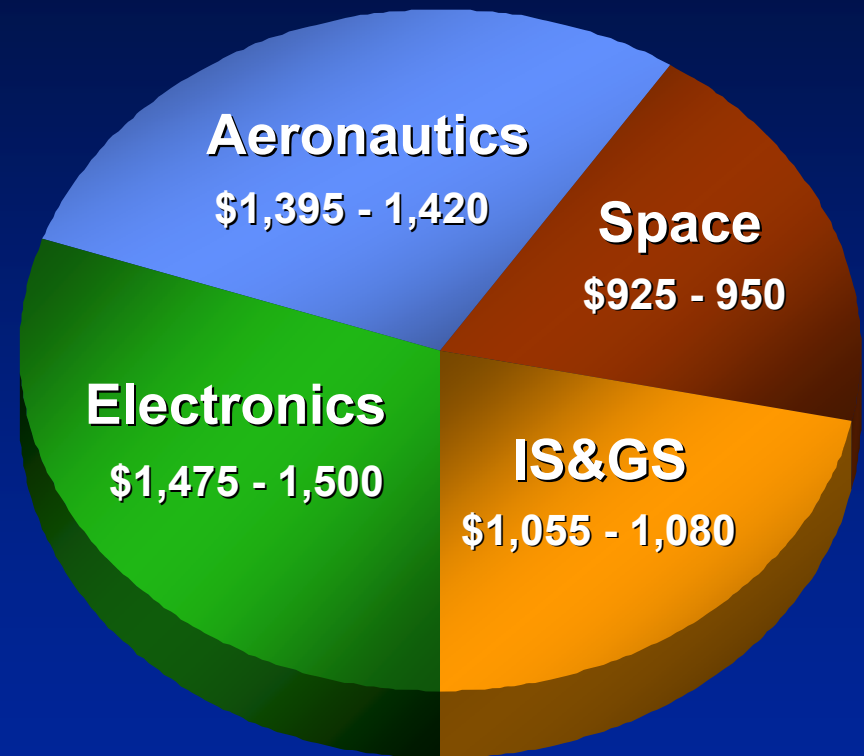
Prior (July)



\$4,825 - 4,925M

Chart 8

Current (Oct)



\$4,850 - 4,950M

October 21, 2008

Outlook Comparison

(\$M, Except EPS)

	<u>2008</u>	<u>2009</u>
Sales	\$41,900 - 42,900	\$44,250 - 45,250
Segment Operating Profit	4,850 - 4,950	5,100 - 5,250
<u>Unallocated Corp Inc / (Exp)</u>		
FAS/CAS Adjustment	~ 125	~ (60) *
Unusual Items	~ 145	- -
Stock Comp. Expense	~ (155)	~ (160)
Other Unallocated Items	~ (65)	~ (80)
Operating Profit	4,900 - 5,000	4,800 - 4,950
Interest Expense	~ (340)	~ (305)
Non-Operating Inc / (Exp)	~ (50)	~ 35
Earnings Before Income Taxes	4,510 - 4,610	4,530 - 4,680
GAAP EPS	\$7.55 - 7.70	\$7.65 - 7.90
Cash from Operations	≥ \$4,300	≥ \$4,000
ROIC	≥ 21%	≥ 20%

* Assumes a 7.50% Discount Rate at 12/31/08, and a (25%) Actual Loss on Plan Assets for 2008

2008 / 2009 EPS Reconciliation



	<u>2008</u>	<u>2009</u>	<u>Mid-Point Growth</u>
GAAP EPS	\$7.55 - 7.70	\$7.65 - 7.90	2%
Less Unusual Items	(.23)	- -	
Subtotal ex Unusual Items	\$7.32 - 7.47	\$7.65 - 7.90	5%
FAS/CAS Adjustment	~ (.20)	.10 *	
Adjusted EPS**	\$7.12 - 7.27	\$7.75 - 8.00	9%

* Assumes a 7.50% Discount Rate at 12/31/08, and a (25%) Actual Loss on Plan Assets for 2008

** See Chart 15 for Definitions of Non-GAAP Measures

Pension Assumption Sensitivities

(\$M)



<u>Assumptions</u>	Current Outlook	Sensitivities			
Discount Rate	7.5%	7.5%	7.5%	7.5%	7.5%
Actual Return on Assets	(25)%	(15)%	(20)%	(30)%	(35)%
<u>Projected Results</u>					
2009 FAS/CAS Adjustment	(\$60)	\$20	(\$15)	(\$95)	(\$100)
2009 Cash Contributions	\$100	\$0	\$0	\$150	\$825
Impact on Equity at 12/31/08	(\$3,360)	(\$1,700)	(\$2,530)	(\$4,190)	(\$5,010)

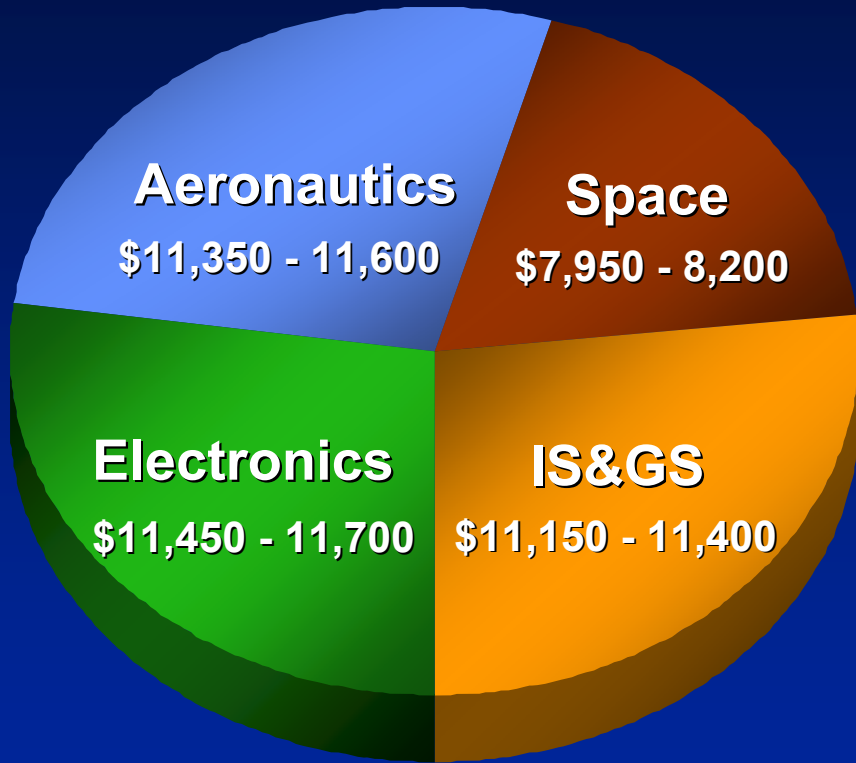
See Our Form 8-K Filed on October 21, 2008 For Additional Information on Defined Benefit Pension Plans

Sales Outlook

(\$M)

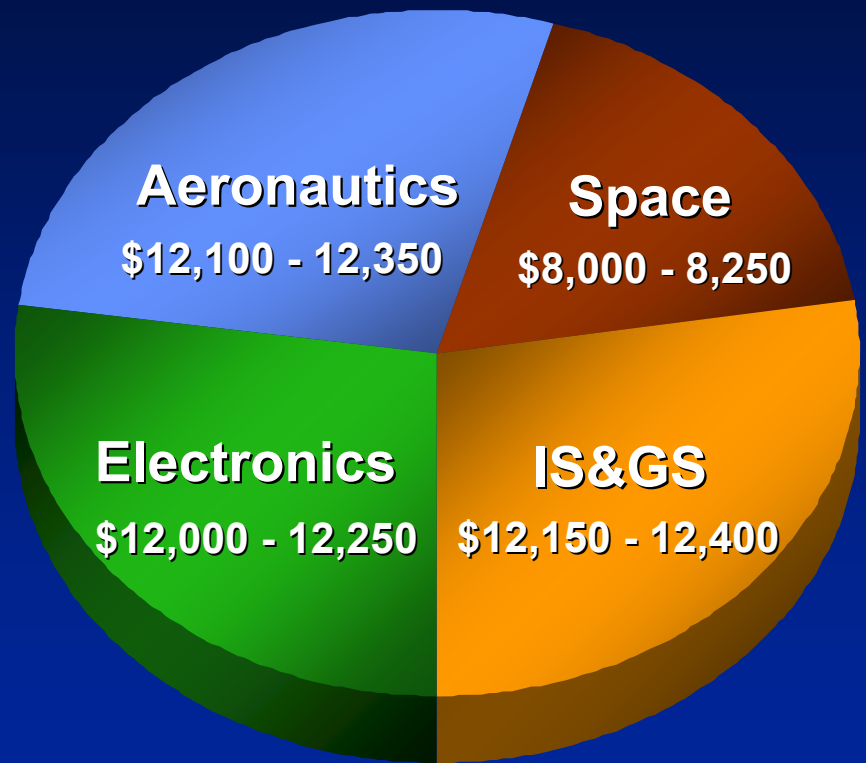


2008



\$41,900 - 42,900M

2009



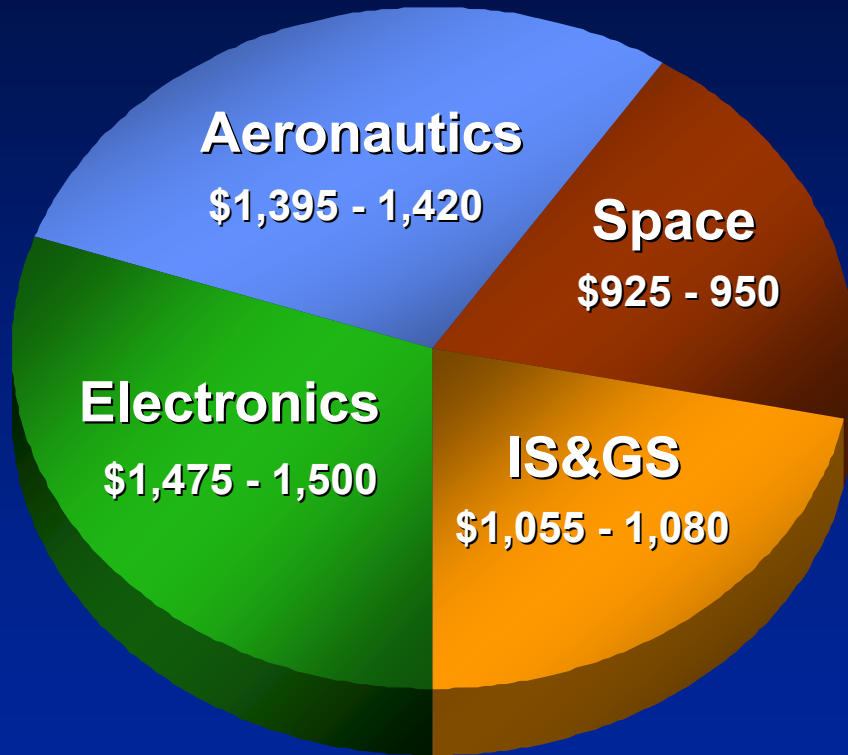
\$44,250 - 45,250M

Segment Operating Profit Outlook

(\$M)

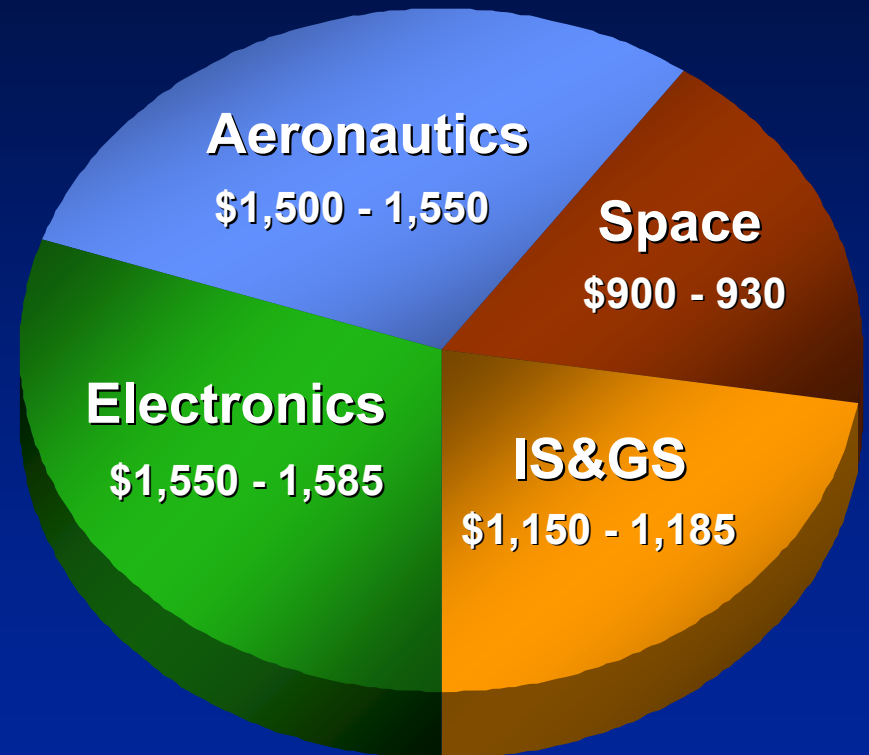


2008



\$4,850 - 4,950M

2009



\$5,100 - 5,250M

ROIC Calculation

(\$M)



	<u>Actual</u> <u>2007</u>	<u>Outlook</u> <u>2008</u>	<u>Outlook</u> <u>2009</u>
Net Earnings	\$3,033	} Combined	} Combined
Interest Exp x .65	229		
Return	\$3,262	≥ \$3,300	≥ \$3,300
Debt (Average)	\$4,416	} Combined	} Combined
Equity (Average)	7,661		
Benefit Plan Adjustments (Average)	3,171		
Invested Capital (Average)	\$15,248	≤ \$15,700	≤ \$16,500
ROIC	21.4%	≥ 21.0%	≥ 20.0%

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 identified in our Statement of Stockholders Equity related to recognized and unrecognized benefit plan-related amounts, the adjustment for adoption of FAS 158 and the minimum pension liability.

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>2008 Outlook (July)</u>	<u>2008 Outlook (Oct.)</u>
Sales	\$41,900 - 42,900	\$41,900 - 42,900
Segment Operating Profit	\$4,825 - 4,925	\$4,850 - 4,950
Mid-Point Segment Margin	11.5%	11.6%
Consolidated Operating Profit	\$4,855 - 4,955	\$4,900 - 5,000
Mid-Point Operating Margin	11.6%	11.7%

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 third quarter earnings release (October 21, 2008) 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 impact benefit plan assumptions; 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 2007 Form 10-K and 2008 Form 10-Qs, contain more information on the types of risks and other factors that could adversely affect these statements.

2008 Financial Results are Unaudited.



Investor Relations Contacts:

Jerry Kircher, 301/897-6584

Shamala Littlefield, 301/897-6455