Lockheed Martin
2nd Quarter 2011
Financial Results Conference Call
July 26, 2011
11:00 a.m. EDT

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706-645-9291 International
Confirmation code: 73143516
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 due to budgetary or debt ceiling constraints; changes in customer priorities; additional costs or schedule revisions to the F-35 program that may result from re-planning of the restructured program; 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 allowability of costs under government cost accounting standards; the outcome of legal proceedings; the future impact of acquisitions, divestitures or joint ventures; the timing and availability of future government awards; 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 2010 Form 10-K and 2011 Form 10-Q, contain more information on the types of risks and other factors that could adversely affect these statements.

2011 Financial Results are Unaudited.
2Q Overview

• Grew Sales 2%

• Increased EPS From Continuing Operations By 11%

• Generated Nearly $850 Million in Cash From Operations

• Repurchased 13 Million Shares
2Q Sales Summary
($Billion)

Aeronautics
- 2Q 2010: $2.0
- 2Q 2011: $2.2 (9% growth)

Electronic Systems
- 2Q 2010: $3.0
- 2Q 2011: $3.2 (6% growth)

IS&GS
- 2Q 2010: $1.5
- 2Q 2011: $1.3 (6% decrease)

Space
- 2Q 2010: $1.0
- 2Q 2011: $0.7 (3% decrease)

Total Sales Growth of +2% … On Track For Full Year
**2Q Earnings Per Share**

*See Charts 16-17 for Definitions of Non-GAAP Measures*

**Operational Performance Driving EPS Growth**

**EPS**

- 2Q 2010: $1.92
- 2Q 2011: $2.14

+ 11%

**Pension-Adjusted EPS**

- 2Q 2010: $2.10
- 2Q 2011: $2.55

+ 21%

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*See Charts 16-17 for Definitions of Non-GAAP Measures*
Share Repurchase Activity

**Share Repurchases**

- **1Q 2011**: $0.3B, 3.5M Shares
- **2Q 2011**: $1.0B, 13.0M Shares

**Share Count**

- **1Q 2011**: 344.9M Shares
- **2Q 2011**: 333.2M Shares

(3% reduction)

**Strong Share Repurchase Activity …**

**Continued Reduction in Outstanding Share Count**
2Q Share Repurchases
(Million)

Strong 2Q Share Repurchases … Ahead of 2010 YTD Pace
Robust Cash Returned to Shareholders

2Q YTD Cash From Operations ($Billion)

Free Cash Flow Returned = 80%

Cash Flow From Operations

2Q YTD 2011

Free Cash Flow

Capital Expenditures

Share Repurchases

Dividends

*See Charts 16-17 for Definitions of Non-GAAP Measures
2011 Sales Outlook ($M)

Sales (Prior)

- Aeronautics: $14,350 - 14,750
- Space: $8,100 - 8,450
- Electronics: $13,800 - 14,200
- IS&GS: $9,500 - 9,850

Total: $45,750 - 47,250M

Sales (Current)

- Aeronautics: $14,400 - 14,650
- Space: $8,000 - 8,250
- Electronics: $9,400 - 9,650
- IS&GS: $9,400 - 9,650

Total: $46,000 - 47,000M

Outlook Updated / Tightened on YTD Performance
2011 Segment Operating Profit Outlook ($M)

Segment Op Profit (Prior)

- Aeronautics: $1,545 - 1,585
- Space: $925 - 960
- Electronics: $1,640 - 1,680
- IS&GS: $840 - 875

Total: $4,950 - 5,100M

Segment Op Profit (Current)

- Aeronautics: $1,560 - 1,585
- Space: $935 - 960
- Electronics: $1,705 - 1,730
- IS&GS: $850 - 875

Total: $5,050 - 5,150M

Outlook Increased / Tightened on YTD Performance

*See Charts 16-17 for Definitions of Non-GAAP Measures*
## 2011 EPS Outlook Reconciliation

<table>
<thead>
<tr>
<th>Date</th>
<th>Outlook Range</th>
<th>EPS from Continuing Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>January 2011</strong></td>
<td>$6.70 – $7.00</td>
<td></td>
</tr>
<tr>
<td>2Q Unusual Item</td>
<td></td>
<td>0.25</td>
</tr>
<tr>
<td>Resolution of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior Year Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matters</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>April 2011</strong></td>
<td>$6.95 – $7.25</td>
<td></td>
</tr>
<tr>
<td>Higher Segment</td>
<td>0.20 – 0.10</td>
<td></td>
</tr>
<tr>
<td>Operating Profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Low End Of Range Increased $100M / High End Of Range Increased $50M)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Corporate Operating Expenses</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>2Q Unusual Item</td>
<td>(0.18)</td>
<td></td>
</tr>
<tr>
<td>- Severance Charge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Higher Investment Income / Lower Interest Expense</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>Lower Effective Tax Rate / Lower Share Count</td>
<td>0.23</td>
<td></td>
</tr>
<tr>
<td><strong>July 2011</strong></td>
<td>$7.35 – $7.55</td>
<td></td>
</tr>
</tbody>
</table>
2011 Cash From Operations Outlook Reconciliation ($Billion)

<table>
<thead>
<tr>
<th>Outlook</th>
<th>Cash from Continuing Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2011</td>
<td>≥ $4,000</td>
</tr>
<tr>
<td>2Q Unusual Item - Resolution of Prior Year Tax Matters</td>
<td>100</td>
</tr>
<tr>
<td>April 2011</td>
<td>≥ $4,100</td>
</tr>
<tr>
<td>Higher Segment Operating Profit</td>
<td>100</td>
</tr>
<tr>
<td>July 2011</td>
<td>≥ $4,200</td>
</tr>
</tbody>
</table>

Cash Expansion Following Earnings Growth
Summary

• Strong First Half … Leading to Solid Year

• Results Reflect Proactive Measures

• Continued to Return Value to Shareholders

Positioned for Full Year Goals Achievement
Financial Appendix & Updated Outlook
## 2011 Outlook Update

($M, Except EPS)

<table>
<thead>
<tr>
<th></th>
<th>Prior (April)</th>
<th>Current (July)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$45,750 - 47,250</td>
<td>$46,000 - 47,000</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$4,950 - 5,100</td>
<td>$5,050 - 5,150</td>
</tr>
<tr>
<td>Unallocated Corp Inc / (Exp)</td>
<td>~ (925)</td>
<td>~ (925)</td>
</tr>
<tr>
<td>FAS/CAS Adjustment</td>
<td>~ (325)</td>
<td>~ (275)</td>
</tr>
<tr>
<td>Other Unallocated Items</td>
<td>- -</td>
<td>~ (100)</td>
</tr>
<tr>
<td>Unusual Item - Severance</td>
<td>-</td>
<td>~ (100)</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$3,700 - 3,850</td>
<td>$3,750 - 3,850</td>
</tr>
<tr>
<td>EPS - Continuing Operations</td>
<td>$6.95 - 7.25</td>
<td>$7.35 - 7.55</td>
</tr>
<tr>
<td>Cash From Operations</td>
<td>≥ $4,100</td>
<td>≥ $4,200</td>
</tr>
</tbody>
</table>
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. 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.

<table>
<thead>
<tr>
<th>2011 Outlook (April)</th>
<th>2011 Outlook (July)</th>
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<tbody>
<tr>
<td>Sales</td>
<td>$45,750 - 47,250</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$4,950 - 5,100</td>
</tr>
<tr>
<td>Mid-Point Segment Margin</td>
<td>10.8%</td>
</tr>
<tr>
<td>Consolidated Operating Profit</td>
<td>$3,700 – 3,850</td>
</tr>
</tbody>
</table>

Pension-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. 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 between periods and in comparison to that of other companies within our industry as an alternative to GAAP.

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.
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<table>
<thead>
<tr>
<th></th>
<th>2QYTD 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash From Operations</td>
<td>$2,527</td>
</tr>
<tr>
<td>Less: Capital Expenditures</td>
<td>(242)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$2,285</td>
</tr>
<tr>
<td>Share Repurchases</td>
<td>$1,299</td>
</tr>
<tr>
<td>Add: Dividends Paid</td>
<td>524</td>
</tr>
<tr>
<td>Total Cash Returned to Shareholders</td>
<td>$1,823</td>
</tr>
</tbody>
</table>

Total Cash Returned to Shareholders $1,823
Divided by: Free Cash Flow 2,285
Percentage of Free Cash Flow Returned to Shareholders 80%