



Lockheed Martin

2008 4th Quarter & Year-End

Financial Results Conference Call

January 22, 2009

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Financial Results - Fourth Quarter

(\$M, Except EPS)



	<u>2008</u>	<u>2007</u>
Sales	\$ 11,132	\$ 10,841
Segment Operating Profit	\$ 1,255	\$ 1,256
FAS/CAS Adjustment	32	(12)
Other Unallocated Inc / (Exp)	61	(29)
Operating Profit	\$ 1,348	\$ 1,215
GAAP EPS	\$ 2.05	\$ 1.89
Cash from Operations	\$ 997	\$ 425
Capital Expenditures	\$ 423	\$ 460

Financial Results - Full Year

(\$M, Except EPS)



	<u>2008</u>	<u>2007</u>
Sales	\$ 42,731	\$ 41,862
Segment Operating Profit	\$ 4,970	\$ 4,691
FAS/CAS Adjustment	128	(58)
Other Unallocated Inc / (Exp)	33	(106)
Operating Profit	\$ 5,131	\$ 4,527
GAAP EPS	\$ 7.86	\$ 7.10
Cash from Operations	\$ 4,421	\$ 4,238
Capital Expenditures	\$ 926	\$ 940



FAS & CAS Income / (Expense): 1995-2008

(\$M)

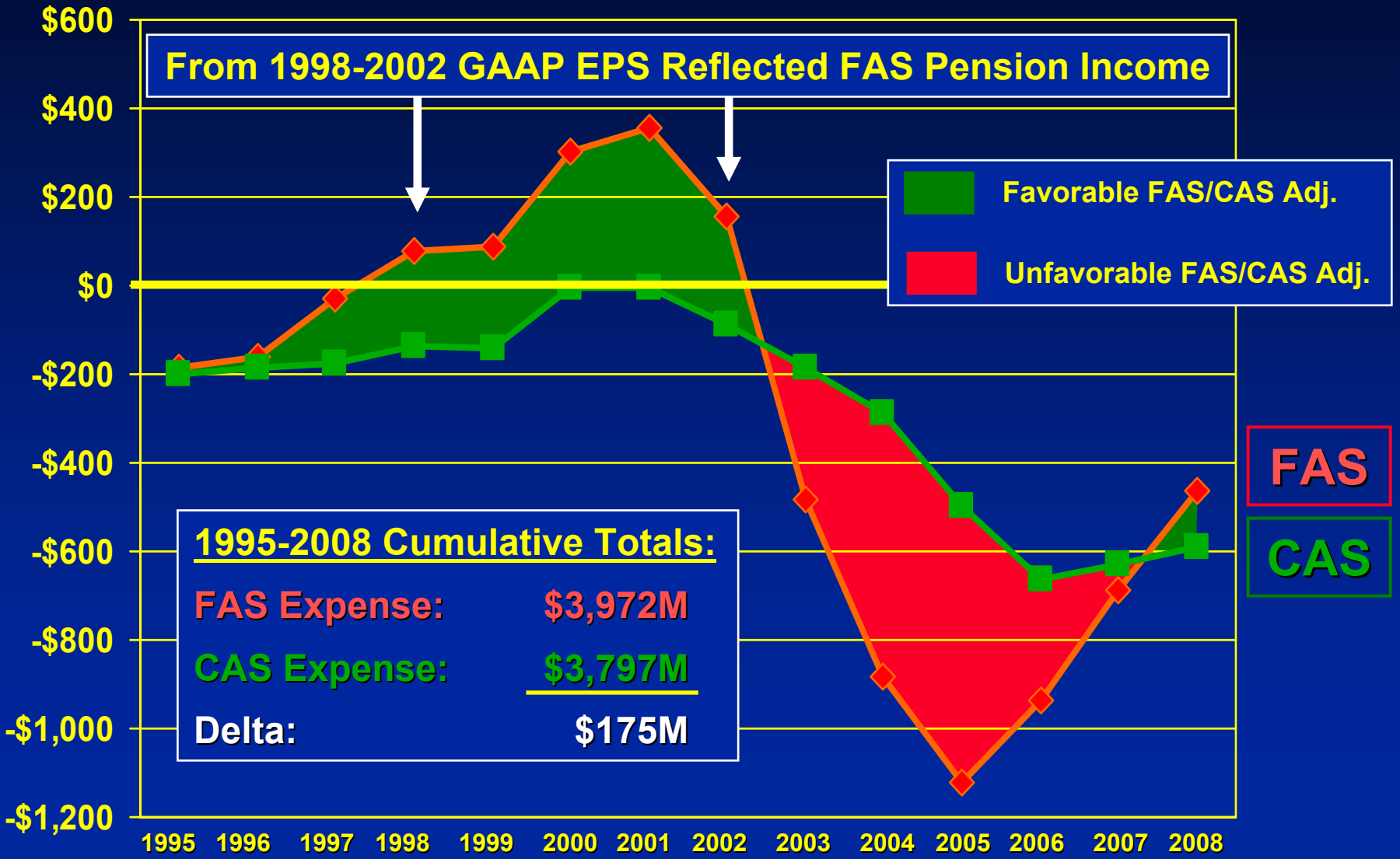


Chart 4

January 22, 2009

2009 Outlook Update Summary

(\$M, Except EPS)



	<u>October Outlook</u>	<u>January Outlook</u>
Sales	\$44,250 - 45,250	\$44,700 - 45,700
Segment Operating Profit	\$5,100 - 5,250	\$5,175 - 5,275
Mid-Point Segment Margin	11.6%	11.6%
Other Pre-Tax Expense (net)	~ (570)	~ (1,015)
Earnings Before Income Taxes	\$4,530 - 4,680	\$4,160 - 4,260
GAAP EPS	\$7.65 - 7.90	\$7.05 - 7.25
Cash From Operations	≥ \$4,000	≥ \$4,000
ROIC	≥ 20.0%	≥ 18.0%

Updated Outlook for 2009 - Earnings Detail

(\$M, Except EPS)



	<u>October Outlook</u>	<u>January Outlook</u>
Segment Operating Profit	\$5,100 - 5,250	\$5,175 - 5,275
<u>Unallocated Corp Inc / (Exp)</u>		
FAS/CAS Adjustment	~ (60) *	~ (470) **
Unusual Items	--	--
Stock Comp Expense	~ (160)	~ (160)
Other Unallocated Items	~ (80)	~ (80)
Operating Profit	\$4,800 - 4,950	\$4,465 - 4,565
Interest Expense	~ (305)	~ (305)
Non-Operating Inc / (Exp)	~ 35	--
Earnings Before Income Taxes	\$4,530 - 4,680	\$4,160 - 4,260
GAAP EPS	\$7.65 - 7.90	\$7.05 - 7.25

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

** Based on a 6.125% Discount Rate at 12/31/08, and a (28%) Actual Loss on Plan Assets for 2008

2009 EPS Update

(\$)



Prior EPS Estimate (October 2008)	\$7.65 - \$7.90
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Operational Improvements	0.09 - 0.04
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Non-Operational Items

FAS / CAS Adjustment Update	(0.67)
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Lower Assumed Yield on Cash Balances	(0.06)
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Lower Share Count	0.04
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Subtotal Non-Operational Items	(0.69)
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Current EPS Estimate (January 2009)	\$7.05 - \$7.25
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2008 / 2009 EPS Reconciliation



	<u>2008</u>	<u>2009</u>	<u>Mid-Point Growth</u>
GAAP EPS	\$7.86	\$7.05 - 7.25	(9%)
Less Unusual Items	(.31)	- -	
Subtotal ex Unusual Items	\$7.55	\$7.05 - 7.25	(5%)
FAS/CAS Adjustment	(.20)	.76	
Adjusted EPS*	\$7.35	\$7.81 - 8.01	8%

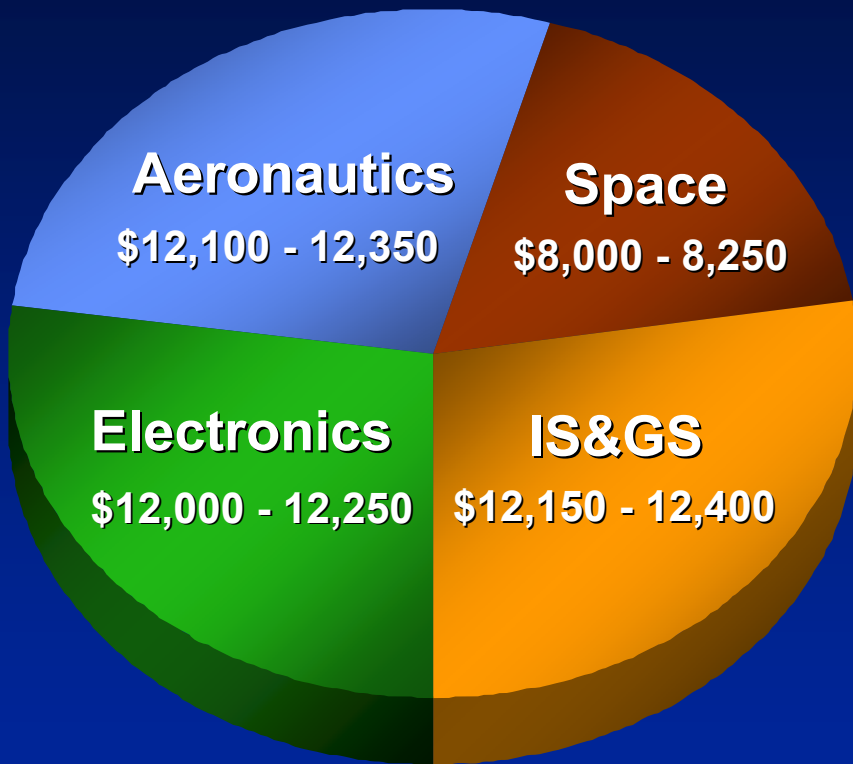
* See Chart 12 for Definitions of Non-GAAP Measures

2009 Sales Outlook

(\$M)

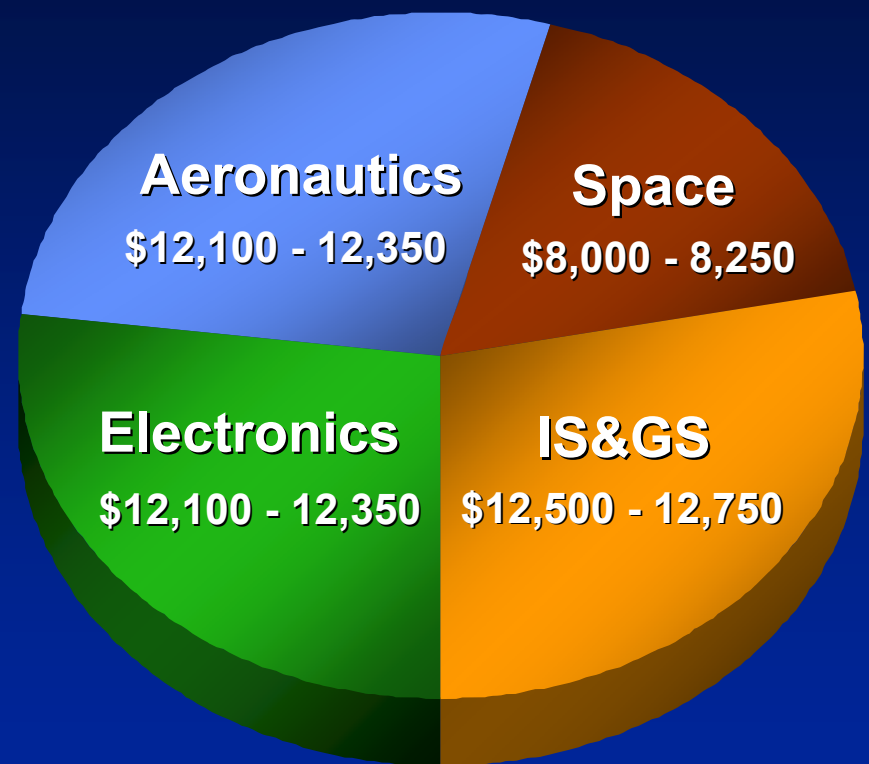


Prior (Oct)



\$44,250 - 45,250M

Current (Jan)



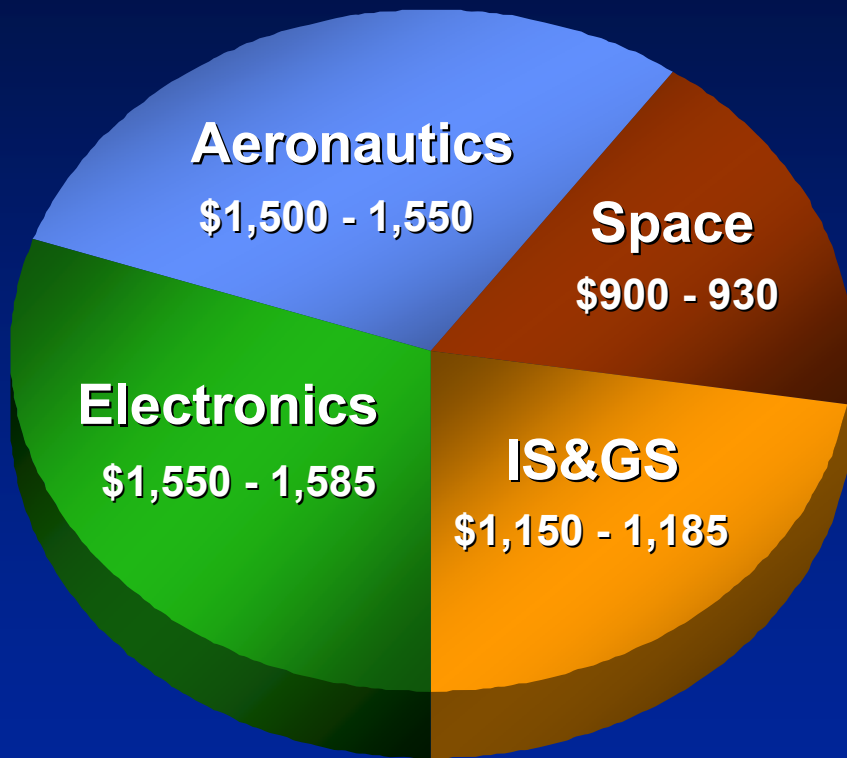
\$44,700 - 45,700M

2009 Segment Operating Profit Outlook

(\$M)

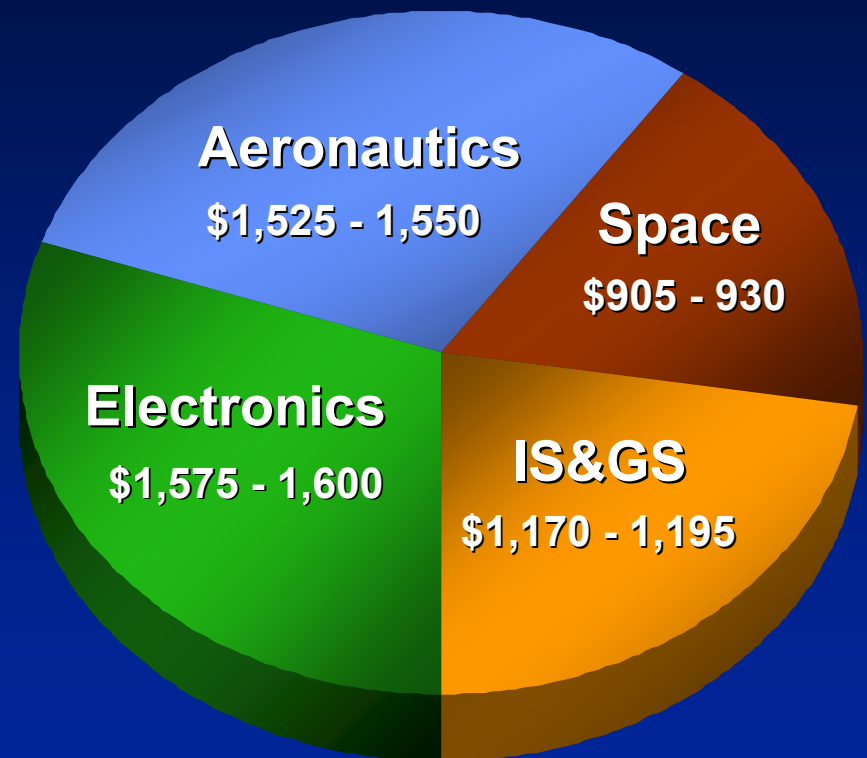


Prior (Oct)



\$5,100 - 5,250M

Current (Jan)



\$5,175 - 5,275M

ROIC Calculation

(\$M)



	Actual <u>2007</u>	Actual <u>2008</u>	Outlook <u>2009</u>
Net Earnings	\$3,033	\$3,217	} Combined
Interest Exp x .65	229	222	
Return	\$3,262	\$3,439	≥ \$3,000
Debt (Average)	\$4,416	\$4,346	} Combined
Equity (Average)	7,661	8,236	
Benefit Plan Adjustments (Average)	3,171	3,256	
Invested Capital (Average)	\$15,248	\$15,838	≤ \$16,650
ROIC	21.4%	21.7%	≥ 18.0%

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>2009 Outlook (Oct)</u>	<u>2009 Outlook (Jan)</u>
Sales	\$44,250 - 45,250	\$44,700 - 45,700
Segment Operating Profit	\$5,100 - 5,250	\$5,175 - 5,275
Mid-Point Segment Margin	11.6%	11.6%
Consolidated Operating Profit	\$4,800 - 4,950	\$4,465 - 4,565
Mid-Point Operating Margin	10.9%	10.0%

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 fourth quarter earnings release (January 22, 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 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