

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

	QUARTER ENDED		YEAR ENDED	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Net sales	\$ 12,794	\$ 12,203	\$ 45,803	\$ 43,995
Cost of sales	11,717	10,987	41,967	39,803
Gross profit	1,077	1,216	3,836	4,192
Other income, net	51	28	261	223
Operating profit	1,128	1,244	4,097	4,415
Interest expense	87	86	345	308
Other non-operating income, net	28	26	74	123
Earnings from continuing operations before income taxes	1,069	1,184	3,826	4,230
Income tax expense	240	348	1,181	1,231
Earnings from continuing operations	829	836	2,645	2,999
Earnings (loss) from discontinued operations ^(a)	154	(9)	281	25
Net earnings	\$ 983	\$ 827	\$ 2,926	\$ 3,024
Effective tax rate	22.5%	29.4%	30.9%	29.1%
Earnings per common share				
Basic				
Continuing operations	\$ 2.33	\$ 2.20	\$ 7.26	\$ 7.79
Discontinued operations	0.43	(0.01)	0.77	0.07
Basic earnings per common share	\$ 2.76	\$ 2.19	\$ 8.03	\$ 7.86
Diluted				
Continuing operations	\$ 2.30	\$ 2.19	\$ 7.18	\$ 7.71
Discontinued operations	0.43	(0.02)	0.76	0.07
Diluted earnings per common share	\$ 2.73	\$ 2.17	\$ 7.94	\$ 7.78
Average number of shares outstanding				
Basic	355.8	377.7	364.2	384.8
Diluted	359.7	381.9	368.3	388.9
Common shares reported in stockholders' equity at year end:			345.9	372.9

^(a) In June 2010, the Corporation announced plans to divest most of Enterprise Integration Group (EIG) and Pacific Architects and Engineers, Inc. (PAE). The Corporation completed the divestiture of the EIG business in the fourth quarter of 2010 and recognized a gain of \$184 million (\$0.51 per share for the quarter; \$0.50 per share for the year).

LOCKHEED MARTIN CORPORATION
Net Sales, Operating Profit and Margins ^(a)
Unaudited
(In millions, except percentages)

	QUARTER ENDED			YEAR ENDED		
	December 31, 2010	December 31, 2009	% Change	December 31, 2010	December 31, 2009	% Change
Net sales						
Aeronautics	\$ 3,856	\$ 3,250	19 %	\$ 13,235	\$ 12,201	8 %
Electronic Systems	3,976	3,714	7	14,363	13,532	6
Information Systems & Global Solutions	2,682	2,632	2	9,959	9,608	4
Space Systems	2,280	2,607	(13)	8,246	8,654	(5)
Total net sales	\$ 12,794	\$ 12,203	5 %	\$ 45,803	\$ 43,995	4 %
Operating profit						
Aeronautics	\$ 410	\$ 426	(4) %	\$ 1,502	\$ 1,577	(5) %
Electronic Systems	451	431	5	1,712	1,660	3
Information Systems & Global Solutions	255	259	(2)	890	895	(1)
Space Systems	279	300	(7)	972	972	-
Segment operating profit	1,395	1,416	(1)	5,076	5,104	(1)
Unallocated corporate expense, net	(267)	(172)		(979)	(689)	
Total operating profit	\$ 1,128	\$ 1,244	(9) %	\$ 4,097	\$ 4,415	(7) %
Margins						
Aeronautics	10.6 %	13.1 %		11.3 %	12.9 %	
Electronic Systems	11.3	11.6		11.9	12.3	
Information Systems & Global Solutions	9.5	9.8		8.9	9.3	
Space Systems	12.2	11.5		11.8	11.2	
Total operating segments	10.9	11.6		11.1	11.6	
Total consolidated	8.8 %	10.2 %		8.9 %	10.0 %	

^(a) In June 2010, the Corporation announced the realignment of two IS&GS businesses, Readiness & Stability Operations (RSO) and Savi Technology, Inc., with its Simulation, Training and Support business to the Global Training & Logistics line of business within Electronic Systems and plans to divest PAE and EIG. All of the business segment information presented in the attachments has been reclassified to reflect this realignment and to exclude the PAE and EIG businesses from the IS&GS business segment information for all prior periods presented. PAE and EIG were classified as discontinued operations in the second and third quarters of 2010, respectively.

LOCKHEED MARTIN CORPORATION

Selected Financial Data

Unaudited

(In millions, except per share data)

	<u>QUARTER ENDED</u>		<u>YEAR ENDED</u>	
	<u>December 31, 2010</u>	<u>December 31, 2009</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>Unallocated corporate expense, net</u>				
FAS/CAS pension adjustment	\$ (123)	\$ (114)	\$ (454)	\$ (456)
Stock compensation expense	(46)	(42)	(168)	(154)
Unusual items	(42)	-	(220)	-
Other, net	(56)	(16)	(137)	(79)
Unallocated corporate expense, net	\$ (267)	\$ (172)	\$ (979)	\$ (689)

	<u>QUARTER ENDED</u>		<u>YEAR ENDED</u>	
	<u>December 31, 2010</u>	<u>December 31, 2009</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>FAS/CAS pension adjustment</u>				
FAS pension expense	\$ (370)	\$ (259)	\$ (1,442)	\$ (1,036)
Less: CAS costs	(247)	(145)	(988)	(580)
FAS/CAS pension adjustment	\$ (123)	\$ (114)	\$ (454)	\$ (456)

	<u>QUARTER ENDED DECEMBER 31, 2010</u>			<u>YEAR ENDED DECEMBER 31, 2010</u>		
	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>
<u>Unusual Items - 2010</u>						
MS2 facility consolidation	\$ (42)	\$ (27)	\$ (0.08)	\$ (42)	\$ (27)	\$ (0.07)
Voluntary Executive Separation Charge	-	-	-	(178)	(116)	(0.31)
Elimination of Medicare Part D deferred tax assets	-	-	-	-	(96)	(0.26)
	\$ (42)	\$ (27)	\$ (0.08)	\$ (220)	\$ (239)	\$ (0.64)

	<u>QUARTER ENDED DECEMBER 31, 2009</u>			<u>YEAR ENDED DECEMBER 31, 2009</u>		
	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>	<u>Operating profit</u>	<u>Net earnings</u>	<u>Earnings per share</u>
<u>Unusual Items - 2009</u>						
Resolution of IRS examinations:						
• 2005 - 2007	\$ -	\$ -	\$ -	\$ -	\$ 58	\$ 0.15
• 2008	-	11	0.03	-	11	0.03
	\$ -	\$ 11	\$ 0.03	\$ -	\$ 69	\$ 0.18

LOCKHEED MARTIN CORPORATION**Selected Financial Data****Unaudited****(In millions)**

	QUARTER ENDED		YEAR ENDED	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<u>Depreciation and amortization of plant and equipment</u>				
Aeronautics	\$ 60	\$ 55	\$ 205	\$ 198
Electronic Systems	67	66	237	245
Information Systems & Global Solutions	18	18	63	66
Space Systems	53	51	186	182
Segments	198	190	691	691
Unallocated corporate expense, net	12	16	58	59
Total depreciation and amortization of plant and equipment	\$ 210	\$ 206	\$ 749	\$ 750

LOCKHEED MARTIN CORPORATION
Condensed Consolidated Balance Sheets
(In millions, except percentages)

	(Unaudited) DECEMBER 31, 2010	DECEMBER 31, 2009
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 2,261	\$ 2,391
Short-term investments	516	346
Accounts receivable, net	5,757	6,061
Inventories	2,378	2,183
Deferred income taxes	1,038	815
Other current assets	901	681
Total current assets	<u>12,851</u>	<u>12,477</u>
Property, plant and equipment, net	4,554	4,520
Goodwill	9,605	9,948
Purchased intangibles, net	127	311
Prepaid pension asset	179	160
Deferred income taxes	3,482	3,779
Other assets	4,269	3,916
Total assets	<u>\$ 35,067</u>	<u>\$ 35,111</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities		
Accounts payable	\$ 1,630	\$ 2,030
Customer advances and amounts in excess of costs incurred	5,719	5,049
Salaries, benefits and payroll taxes	1,870	1,648
Other current liabilities	1,941	1,976
Total current liabilities	<u>11,160</u>	<u>10,703</u>
Long-term debt, net	5,019	5,052
Accrued pension liabilities	10,607	10,823
Other postretirement benefit liabilities	1,213	1,308
Other liabilities	3,360	3,096
Total liabilities	<u>31,359</u>	<u>30,982</u>
Stockholders' equity		
Common stock, \$1 par value per share	346	373
Additional paid-in capital	-	-
Retained earnings	12,372	12,351
Accumulated other comprehensive loss	(9,010)	(8,595)
Stockholders' equity	<u>3,708</u>	<u>4,129</u>
Total liabilities and stockholders' equity	<u>\$ 35,067</u>	<u>\$ 35,111</u>
Total debt-to-capitalization ratio:	<u>58%</u>	<u>55%</u>

LOCKHEED MARTIN CORPORATION
Condensed Consolidated Statements of Cash Flows
Unaudited
(In millions)

	YEAR ENDED	
	December 31, 2010	December 31, 2009
<u>Operating Activities</u>		
Net earnings	\$ 2,926	\$ 3,024
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of plant and equipment	749	750
Changes in operating assets and liabilities:		
Accounts receivable, net	(15)	(719)
Inventories	(227)	(233)
Accounts payable	(362)	(21)
Customer advances and amounts in excess of costs incurred	685	482
Other	(209)	(110)
Net cash provided by operating activities	3,547	3,173
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(820)	(852)
Net cash used for short-term investment transactions	(171)	(279)
Acquisition of businesses / investments in affiliates	(148)	(435)
Divestiture of EIG, net of transaction costs	798	-
Other	22	48
Net cash used for investing activities	(319)	(1,518)
<u>Financing Activities</u>		
Repurchases of common stock	(2,420)	(1,851)
Issuances of common stock and related amounts	73	61
Common stock dividends	(969)	(908)
Issuance of long-term debt, net of related costs	-	1,464
Repayment of long-term debt	-	(242)
Cash premium and transaction costs for debt exchange	(47)	-
Net cash used for financing activities	(3,363)	(1,476)
Effect of exchange rate changes on cash and cash equivalents	5	44
Net increase (decrease) in cash and cash equivalents	(130)	223
Cash and cash equivalents at beginning of period	2,391	2,168
Cash and cash equivalents at end of period	\$ 2,261	\$ 2,391

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

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2009	\$ 373	\$ -	\$ 12,351	\$ (8,595)	\$ 4,129
Net earnings	-	-	2,926	-	2,926
Common stock dividends (a)	-	-	(969)	-	(969)
Stock-based awards and other	6	514	-	-	520
Common stock repurchases (b)	(33)	(514)	(1,936)	-	(2,483)
Other comprehensive loss (c)	-	-	-	(415)	(415)
Balance at December 31, 2010	<u>\$ 346</u>	<u>\$ -</u>	<u>\$ 12,372</u>	<u>\$ (9,010)</u>	<u>\$ 3,708</u>

(a) Includes dividends (\$0.63 per share) declared and paid in the first, second and third quarters and a dividend (\$0.75 per share) declared and paid in the fourth quarter.

(b) The Corporation repurchased 13.2 million shares for \$916 million during the fourth quarter. Year-to-date, the Corporation repurchased 33.0 million common shares for \$2,483 million. In October 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.

(c) At December 31, 2010, the Corporation recognized a non-cash, after-tax reduction to stockholders' equity of \$430 million, as a result of the required re-measurement of its postretirement benefit plans. The decrease was primarily due to the net result of a lower discount rate at December 31, 2010 of 5.50% compared to 5.875% at December 31, 2009, partially offset by an actual return on plan assets in 2010 of approximately 13.0%. Partially offsetting the \$430 million reduction to stockholders' equity was other comprehensive income of \$15 million resulting from foreign currency translation and other adjustments.

LOCKHEED MARTIN CORPORATION

Operating Data

Unaudited

	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
<u>Backlog</u>		
(In millions)		
Aeronautics	\$ 27,500	\$ 26,700
Electronic Systems	23,200	23,100
Information Systems & Global Solutions	9,700	10,600
Space Systems	17,800	16,800
Total	<u>\$ 78,200</u>	<u>\$ 77,200</u>

	<u>QUARTER ENDED</u>		<u>YEAR ENDED</u>	
<u>Aircraft Deliveries</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
F-16	3	7	20	31
F-22	7	6	20	20
C-130J	9	6	25	16