



Lockheed Martin

2007 3rd Quarter

Financial Results Conference Call

October 23, 2007

<i>Dial In Number:</i>	<i>U.S. & Canada</i>	<i>888-631-5929</i>
	<i>International</i>	<i>913-312-0679</i>

Financial Results - Third Quarter

(\$M, Except EPS)



	<u>2007</u>	<u>2006</u>
Sales	\$ 11,095	\$ 9,605
Segment EBIT	1,232	975
Unallocated Corp Inc/(Exp)	(34)	(70)
Consolidated EBIT	\$ 1,198	\$ 905
GAAP EPS	\$ 1.80	\$ 1.46
Cash from Operations	\$ 935	\$ 652
Capital Expenditures	\$ 226	\$ 190

Financial Results - Year to Date Sept

(\$M, Except EPS)



	<u>2007</u>	<u>2006</u>
Sales	\$ 31,021	\$ 28,780
Segment EBIT	3,449	2,882
Unallocated Corp Inc/(Exp)	2	(63)
Consolidated EBIT	\$ 3,451	\$ 2,819
GAAP EPS	\$ 5.21	\$ 4.12
Cash from Operations	\$ 3,821	\$ 3,450
Capital Expenditures	\$ 480	\$ 453

Updated Outlook – 2007

(\$M, Except EPS)



	<u>Prior (July)</u>	<u>Current (Oct)</u>
Sales	\$41,000 - 41,750	\$41,000 - 41,750
Segment EBIT	4,500 - 4,600	4,500 - 4,600
FAS/CAS Adjustment	~ (60)	~ (60)
Unusual Items in EBIT	~ 70	~ 70
Stock Comp. Expense	~ (145)	~ (145)
Other Unallocated Items	~ 70	~ 100
Consolidated EBIT	4,435 - 4,535	4,465 - 4,565
Interest Expense	~ (355)	~ (355)
GAAP EPS	\$6.65 - 6.80	\$6.70 - 6.85
Cash from Operations	≥ \$4,200	≥ \$4,200
ROIC*	> 19.5%	~ 20%

*See Chart 11 for Calculation Methodology

Chart 4

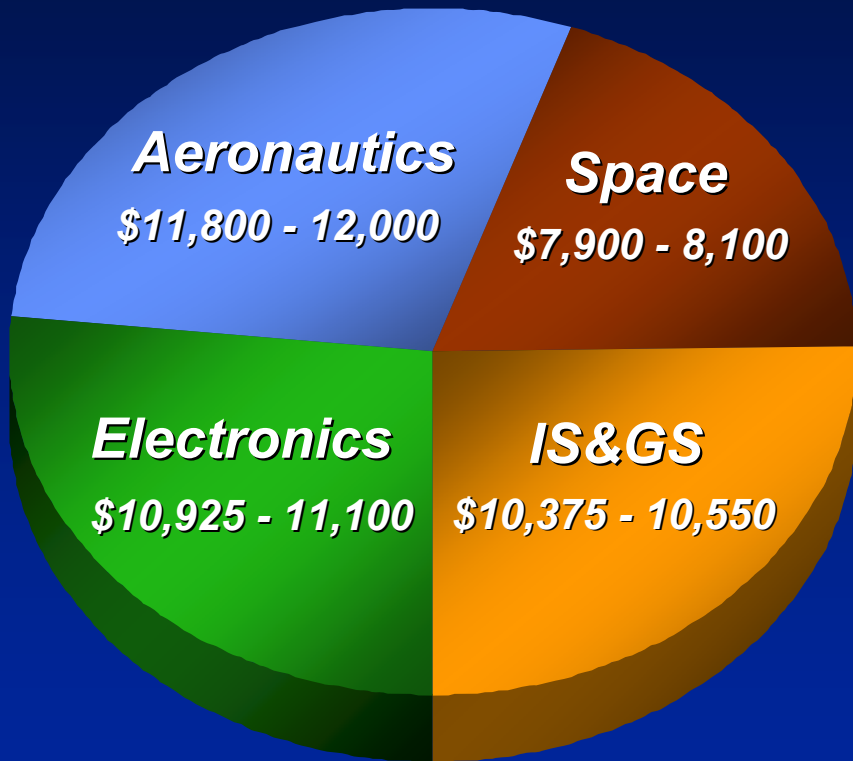
October 23, 2007

Sales Outlook - 2007

(\$M)

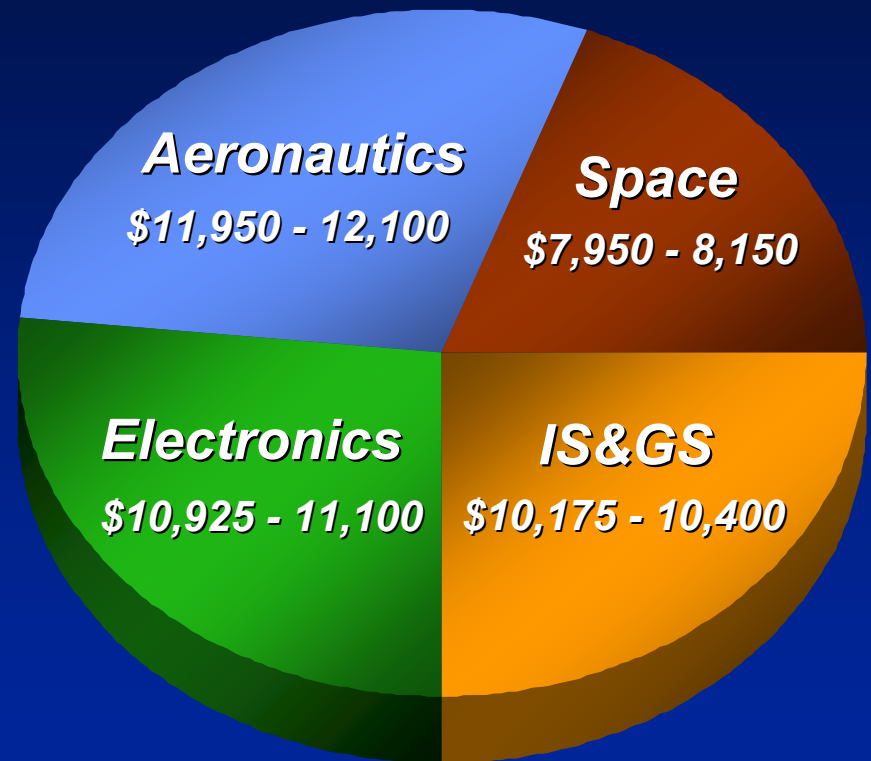


Prior (July)



\$41,000 - 41,750

Current (Oct)



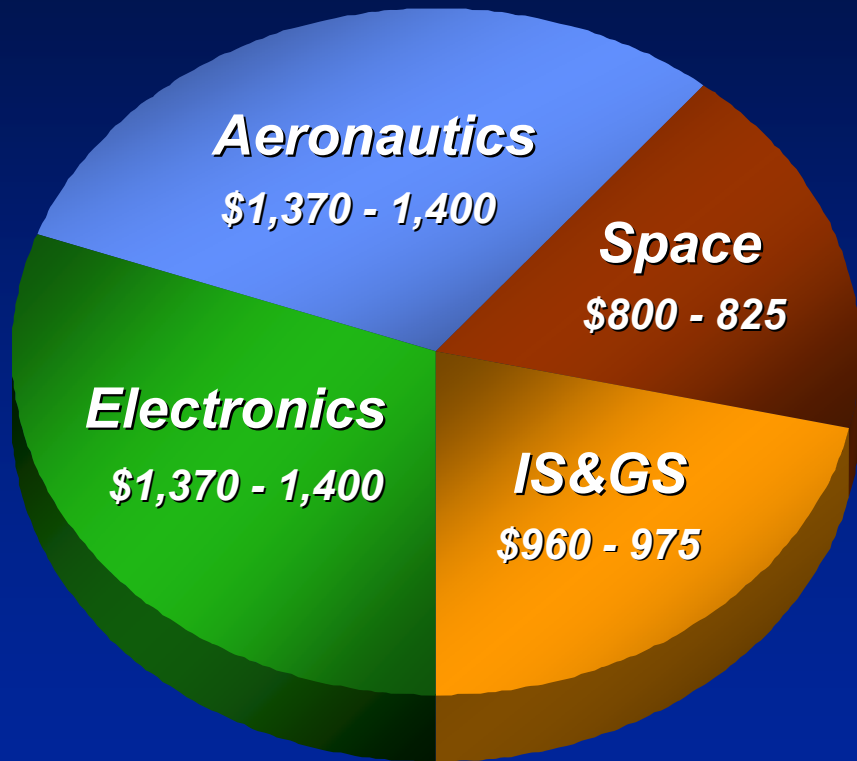
\$41,000 - 41,750

Segment EBIT Outlook - 2007

(\$M)

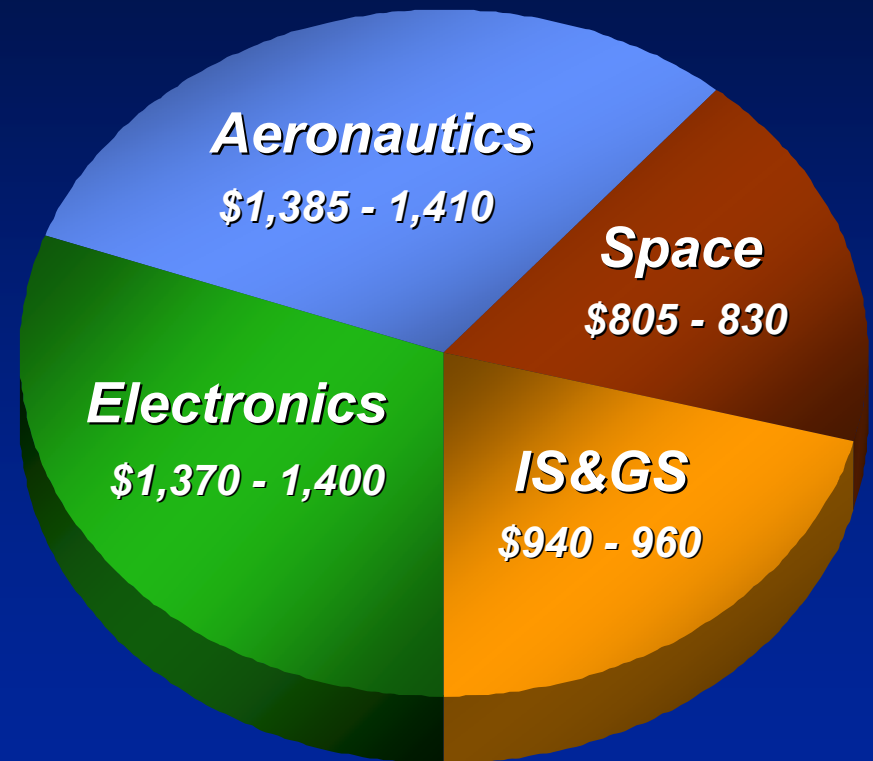


Prior (July)



\$4,500 - 4,600

Current (Oct)



\$4,500 - 4,600

Outlook Comparison

(\$M, Except EPS)



2007

2008

Sales	\$41,000 - 41,750	\$41,250 - 42,750
Segment EBIT	4,500 - 4,600	4,675 - 4,800
FAS/CAS Adjustment	~ (60)	~ 40 *
Unusual Items in EBIT	~ 70	--
Stock Comp. Expense	~ (145)	~ (170)
Other Unallocated Items	~ 100	~ 100
Consolidated EBIT	4,465 - 4,565	4,645 - 4,770
Interest Expense	~ (355)	~ (345)
GAAP EPS	\$6.70 - 6.85	\$6.95 - 7.15
Cash from Operations	≥ \$4,200	≥ \$4,000
ROIC**	~ 20%	≥ 18%

* Assumes a 6.25% Discount Rate at 12/31/07, and an 8.5% Actual Return on Plan Assets for 2007

** See Chart 11 for Calculation Methodology

2007 / 2008 EPS Reconciliation



	<u>2007</u>	<u>2008</u>	<u>Mid-Point Growth</u>
GAAP EPS	\$6.70 - 6.85	\$6.95 - 7.15	4%
Unusual Items	(.25)	--	
Subtotal ex Unusual Items	\$6.45 - 6.60	\$6.95 - 7.15	8%
FAS/CAS Adjustment	~ .09	~ (.06)*	
Stock Comp. Expense	~ .22	~ .26	
Adjusted EPS**	\$6.76 - 6.91	\$7.15 - 7.35	6%

* Assumes a 6.25% Discount Rate at 12/31/07, and an 8.5% Actual Return on Plan Assets for 2007

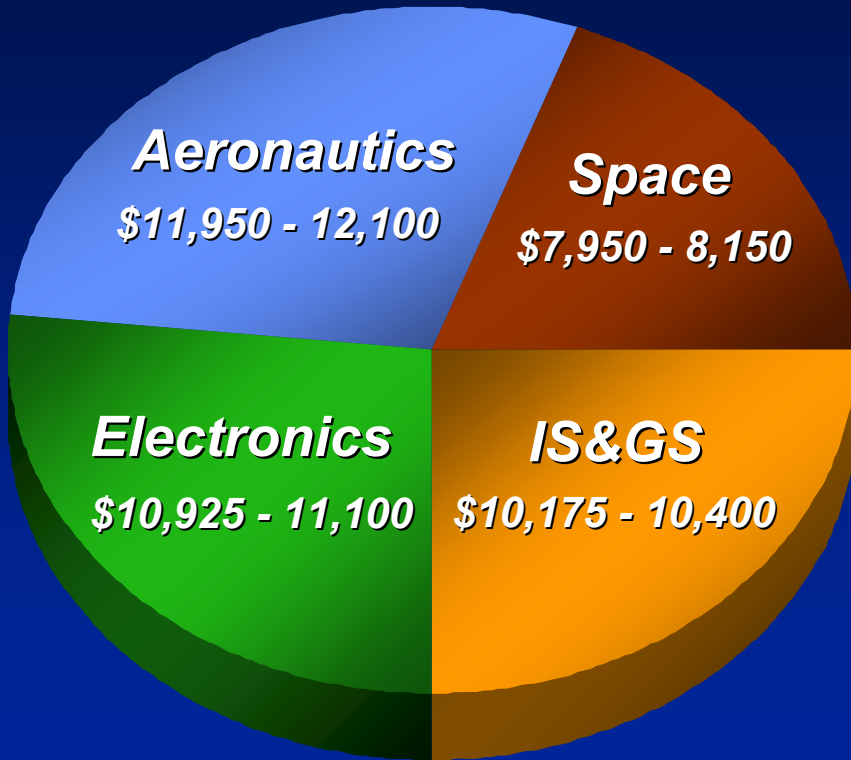
** See Chart 12 for Definitions of Non-GAAP Measures

Sales Outlook

(\$M)

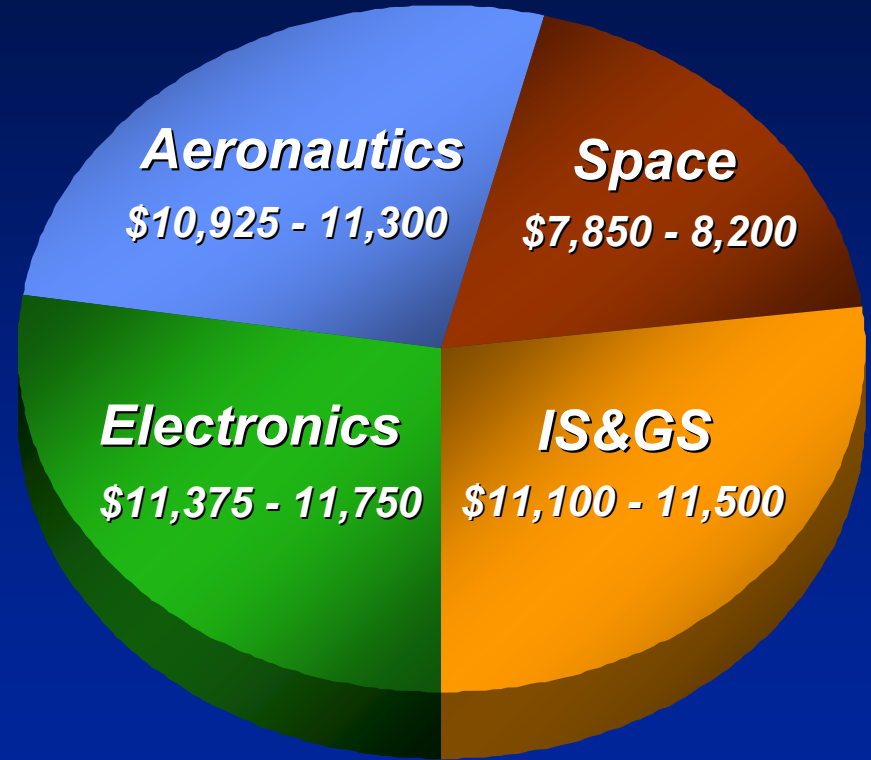


2007



\$41,000 - 41,750

2008



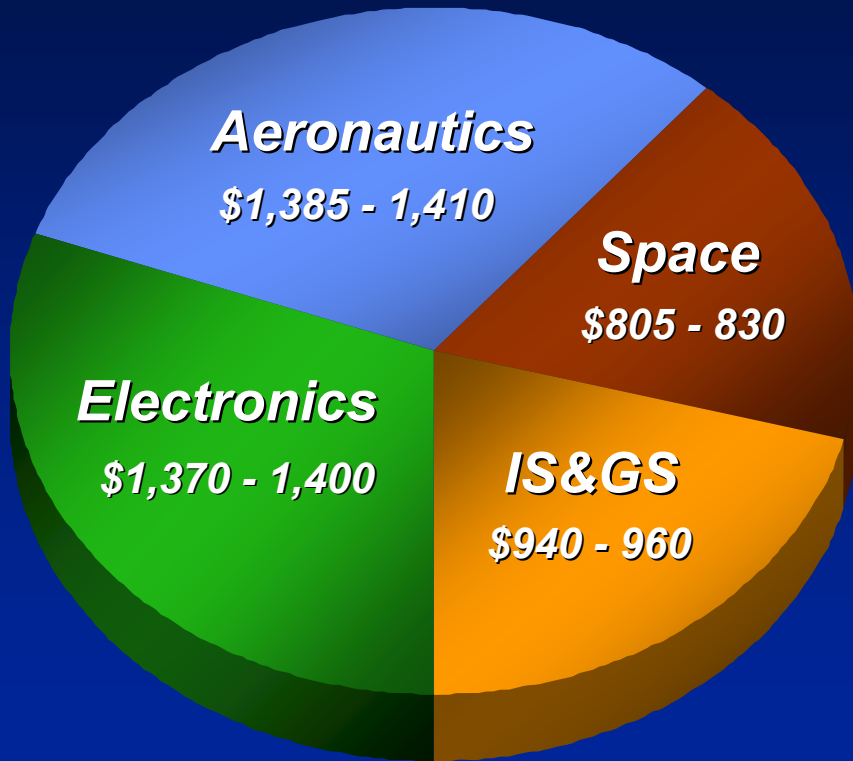
\$41,250 - 42,750

Segment EBIT Outlook

(\$M)

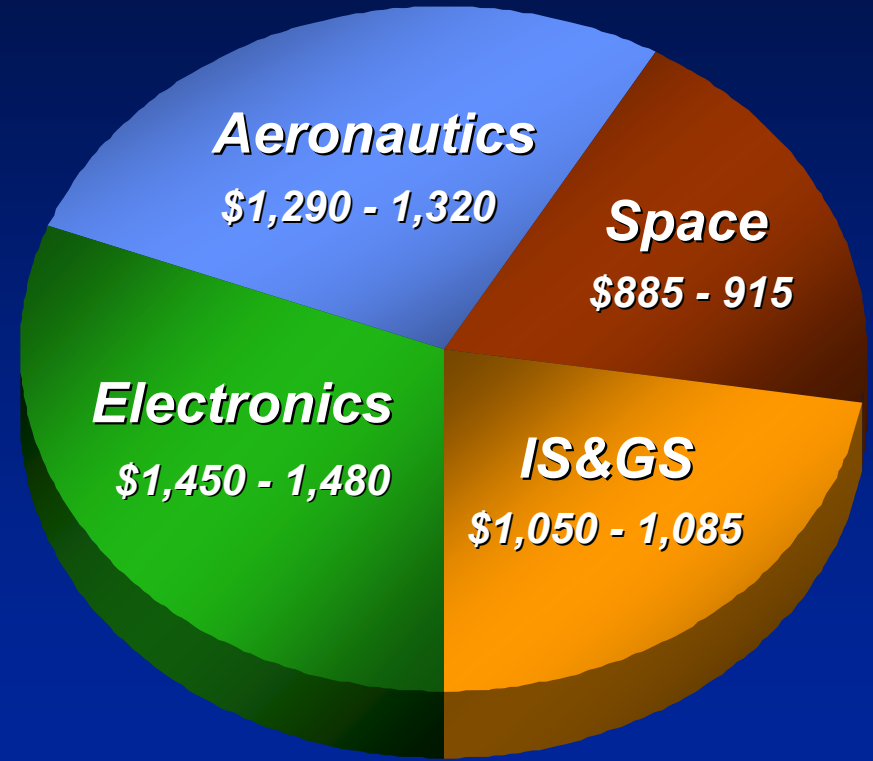


2007



\$4,500 - 4,600

2008



\$4,675 - 4,800

ROIC Calculation

(\$M)



	<i>Actual</i> <u>2005</u>	<i>Actual</i> <u>2006</u>	<i>Outlook</i> <u>2007</u>	<i>Outlook</i> <u>2008</u>
<i>Net Earnings</i>	\$1,825	\$2,529	} Combined	
<i>Interest Exp x .65</i>	241	235		
Return	\$2,066	\$2,764	~ \$3,100	≥ \$3,150
<i>Debt (Average)</i>	\$5,077	\$4,727	} Combined	
<i>Equity (Average)</i>	7,590	7,686		
<i>Benefit Plan Adjustment (Average)</i>	1,545	2,006		
Invested Capital	\$14,212	\$14,419	~ \$15,400	≤ \$17,300
ROIC	14.5%	19.2%	~ 20%	≥ 18%

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 the impact of benefit plan adjustments.

The Benefit Plan Adjustment (Average) values shown above are the cumulative value of entries identified in our Statement of Stockholders Equity under the captions "Minimum pension liability" and "Adoption of FAS 158".

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 EBIT

Segment Earnings Before Interest and Taxes (Segment EBIT), or segment operating profit, represents the total earnings from our business segments before interest, taxes and unallocated corporate income/(expense), net. This measure is used by our senior management in evaluating the performance of our business segments. The caption "Unallocated Corp Inc/(Exp)" reconciles Segment EBIT to Consolidated EBIT.

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, stock-based compensation expense, 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 23, 2007) for a description of these 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 continued hostilities in Iraq and Afghanistan on funding for defense programs; program and contract performance; return on pension plan assets, interest and discount rates, and other changes that may impact pension 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 2006 Form 10-K and 2007 Form 10-Qs, contain more information on the types of risks and other factors that could adversely affect these statements.

2007 Financial Results are Unaudited.



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