



Lockheed Martin

2009 1st Quarter

Financial Results Conference Call

April 21, 2009

| | | |
|-----------------|---------------|--------------|
| Dial In Number: | U.S. & Canada | 877-874-1563 |
| | International | 719-325-4765 |

Financial Results - First Quarter

(\$M, Except EPS)



| | <u>2009</u> | <u>2008</u> |
|--------------------------------------|------------------|-----------------|
| Sales | \$ 10,373 | \$ 9,983 |
| Segment Operating Profit | \$ 1,199 | \$ 1,150 |
| FAS/CAS Adjustment | (114) | 32 |
| Other Unallocated Inc / (Exp) | (28) | (4) |
| Operating Profit | \$ 1,057 | \$ 1,178 |
| GAAP EPS | \$ 1.68 | \$ 1.75 |
| Cash from Operations | \$ 1,218 | \$ 880 |
| Capital Expenditures | \$ 132 | \$ 104 |

First Quarter EPS Reconciliation



| | <u>1Q09</u> | <u>1Q08</u> | <u>Change</u> |
|----------------------------------|---------------|---------------|---------------|
| GAAP EPS | \$1.68 | \$1.75 | (4%) |
| Less Unusual Items | - - | (.02) | |
| Subtotal ex Unusual Items | \$1.68 | \$1.73 | (3%) |
| FAS/CAS Adjustment | .19 | (.05) | |
| Adjusted EPS* | \$1.87 | \$1.68 | 11% |

* See Chart 9 for Definitions of Non-GAAP Measures

2009 Outlook Update Summary

(\$M, Except EPS)



| | <u>January Outlook</u> | <u>April Outlook</u> |
|-------------------------------------|------------------------|----------------------|
| Sales | \$44,700 - 45,700 | \$44,700 - 45,700 |
| Segment Operating Profit | \$5,175 - 5,275 | \$5,175 - 5,275 |
| Mid-Point Segment Margin | 11.6% | 11.6% |
| Other Pre-Tax Expense (net) | ~ (1,015) | ~ (1,010) |
| Earnings Before Income Taxes | \$4,160 - 4,260 | \$4,165 - 4,265 |
| GAAP EPS | \$7.05 - 7.25 | \$7.15 - 7.35 |
| Cash From Operations | ≥ \$4,000 | ≥ \$4,100 |
| ROIC | ≥ 18.0% | ≥ 18.5% |

Updated Outlook for 2009 - Earnings Detail

(\$M, Except EPS)



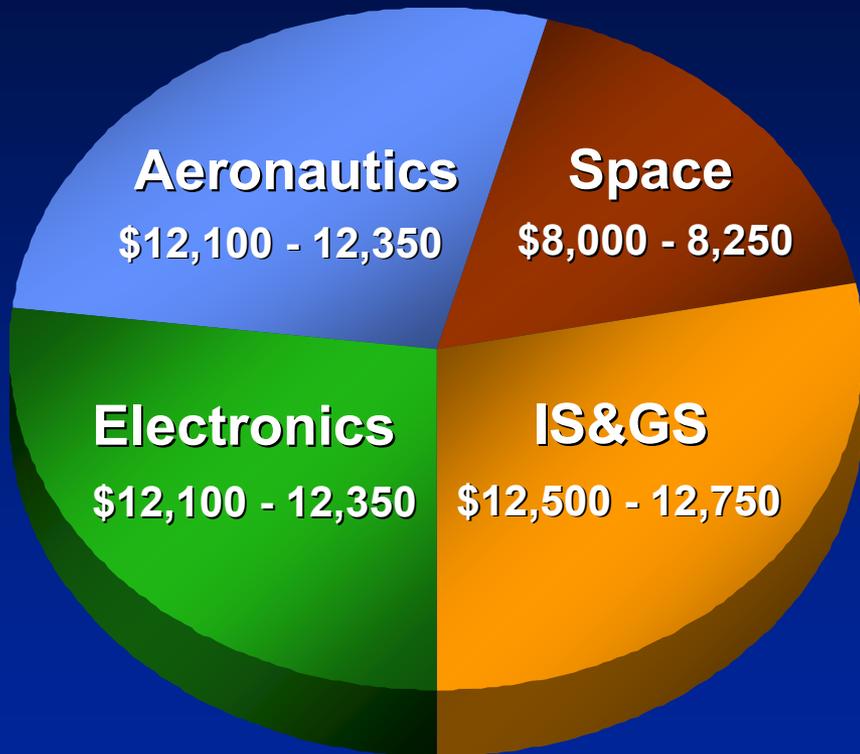
| | <u>January Outlook</u> | <u>April Outlook</u> |
|-------------------------------------|------------------------|------------------------|
| Segment Operating Profit | \$5,175 - 5,275 | \$5,175 - 5,275 |
| <u>Unallocated Corp Inc / (Exp)</u> | | |
| FAS/CAS Adjustment | ~ (470) | ~ (460) |
| Unusual Items | -- | -- |
| Stock Comp Expense | ~ (160) | ~ (160) |
| Other Unallocated Items | ~ (80) | ~ (80) |
| Operating Profit | \$4,465 - 4,565 | \$4,475 - 4,575 |
| Interest Expense | ~ (305) | ~ (305) |
| Non-Operating Inc / (Exp) | -- | ~ (5) |
| Earnings Before Income Taxes | \$4,160 - 4,260 | \$4,165 - 4,265 |
| GAAP EPS | \$7.05 - 7.25 | \$7.15 - 7.35 |

2009 Sales Outlook

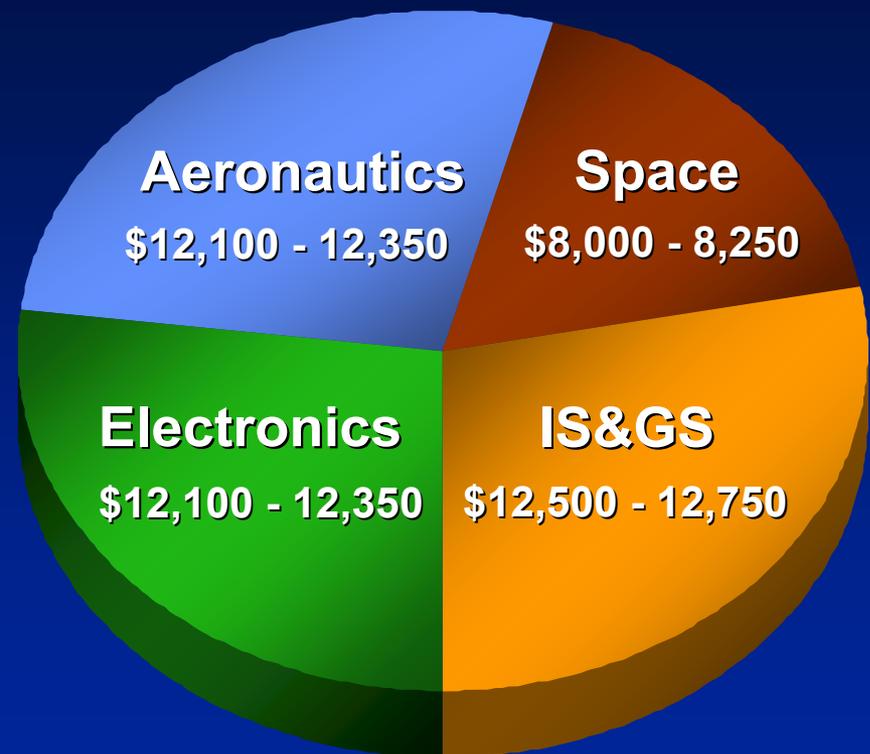
(\$M)



Prior (Jan)



Current (Apr)



Sales Outlook Unchanged at \$44,700 - 45,700M

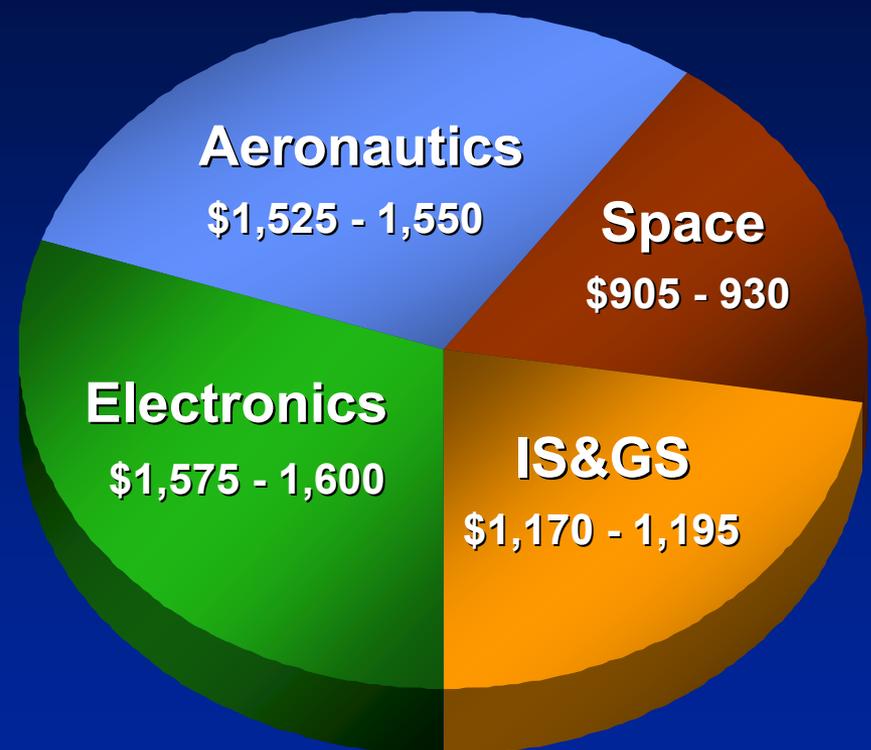
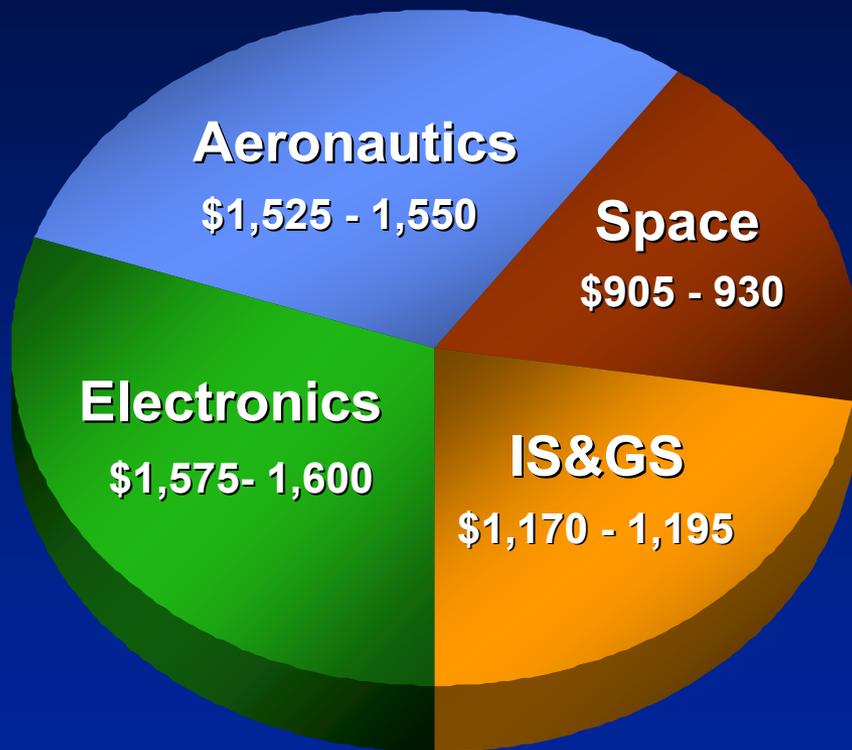
2009 Segment Operating Profit Outlook

(\$M)



Prior (Jan)

Current (Apr)



Segment Operating Profit Outlook Unchanged at \$5,175 - 5,275M

ROIC Calculation

(\$M)



| | <u>Actual</u> <u>2007</u> | <u>Actual</u> <u>2008</u> | <u>Outlook</u> <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 | ≤ \$16,200 |
| ROIC | 21.4% | 21.7% | ≥ 18.5% |

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 (Jan)</u> | <u>2009 Outlook (Apr)</u> |
|-------------------------------|---------------------------|---------------------------|
| Sales | \$44,700 - 45,700 | \$44,700 - 45,700 |
| Segment Operating Profit | \$5,175 - 5,275 | \$5,175 - 5,275 |
| Mid-Point Segment Margin | 11.6% | 11.6% |
| Consolidated Operating Profit | \$4,465 - 4,565 | \$4,475 - 4,575 |
| Mid-Point Operating Margin | 10.0% | 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 first quarter earnings release (April 21, 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 2008 Form 10-K, contain more information on the types of risks and other factors that could adversely affect these statements.



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