

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

	QUARTER ENDED	
	March 28, 2010 ^(a)	March 29, 2009 ^(a)
Net sales	\$ 10,637	\$ 10,373
Cost of sales	9,701	9,368
	936	1,005
Other income (expense), net	46	52
Operating profit	982	1,057
Interest expense	88	76
Other non-operating income (expense), net	28	(3)
Earnings before income taxes	922	978
Income tax expense	375	312
Net earnings	\$ 547	\$ 666
Effective tax rate	40.7%	31.9%
Earnings per common share:		
Basic	\$ 1.46	\$ 1.69
Diluted	\$ 1.45	\$ 1.68
Average number of shares outstanding		
Basic	373.5	393.4
Diluted	377.7	397.5
Common shares reported in stockholders' equity at quarter end:	368.5	386.2

(a) It is our practice to close our books and records on the Sunday prior to the end of the calendar quarter. The interim financial statements and tables of financial information included herein are labeled based on that convention.

LOCKHEED MARTIN CORPORATION

Net Sales, Operating Profit and Margins

Unaudited

(In millions, except percentages)

	QUARTER ENDED		
	March 28, 2010	March 29, 2009	% Change
<u>Net sales</u>			
Aeronautics	\$ 2,933	\$ 2,781	5 %
Electronic Systems	2,914	2,913	-
Information Systems & Global Services	2,872	2,761	4
Space Systems	1,918	1,918	-
Total net sales	\$ 10,637	\$ 10,373	3 %
<u>Operating profit</u>			
Aeronautics	\$ 324	\$ 355	(9) %
Electronic Systems	388	390	(1)
Information Systems & Global Services	233	242	(4)
Space Systems	213	212	-
Segment operating profit	1,158	1,199	(3)
Unallocated corporate expense, net	(176)	(142)	
	\$ 982	\$ 1,057	(7) %
<u>Margins</u>			
Aeronautics	11.0 %	12.8 %	
Electronic Systems	13.3	13.4	
Information Systems & Global Services	8.1	8.8	
Space Systems	11.1	11.1	
Total operating segments	10.9	11.6	
Total consolidated	9.2 %	10.2 %	

LOCKHEED MARTIN CORPORATION**Selected Financial Data****Unaudited****(In millions, except per share data)**

	QUARTER ENDED	
	March 28, 2010	March 29, 2009
<u>Unallocated corporate (expense) income, net</u>		
FAS/CAS pension adjustment	\$ (110)	\$ (114)
Stock compensation expense	(41)	(30)
Other, net	(25)	2
Unallocated corporate expense, net	\$ (176)	\$ (142)

	QUARTER ENDED	
	March 28, 2010	March 29, 2009
<u>FAS/CAS pension adjustment</u>		
FAS pension expense	\$ (357)	\$ (259)
Less: CAS cost	(247)	(145)
FAS/CAS pension adjustment	\$ (110)	\$ (114)

	QUARTER ENDED MARCH 28, 2010¹		
	Operating profit	Net earnings	Earnings per share
<u>Unusual Item - 2010</u>			
Elimination of Medicare Part D deferred tax assets	\$ -	\$ (96)	\$ (0.25)

¹ There were no unusual items reported in the first quarter of 2009.

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

	QUARTER ENDED	
	March 28, 2010	March 29, 2009
<u>Depreciation and amortization of plant and equipment</u>		
Aeronautics	\$ 47	\$ 47
Electronic Systems	53	58
Information Systems & Global Services	15	14
Space Systems	43	43
Segments	158	162
Unallocated corporate expense, net	14	13
Total depreciation and amortization of plant and equipment	\$ 172	\$ 175

	QUARTER ENDED	
	March 28, 2010	March 29, 2009
<u>Amortization of purchased intangibles</u>		
Aeronautics	\$ 12	\$ 12
Electronic Systems	4	2
Information Systems & Global Services	10	11
Space Systems	1	2
Total amortization of purchased intangibles	\$ 27	\$ 27

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

	(Unaudited) MARCH 28, 2010	DECEMBER 31, 2009
<u>Assets</u>		
Cash and cash equivalents	\$ 3,288	\$ 2,391
Accounts receivable, net	6,610	6,061
Inventories	2,476	2,183
Deferred income taxes	839	815
Other current assets	706	1,027
Total current assets	<u>13,919</u>	<u>12,477</u>
Property, plant and equipment, net	4,436	4,520
Goodwill	9,938	9,948
Purchased intangibles, net	283	311
Prepaid pension asset	164	160
Deferred income taxes	3,625	3,779
Other assets	3,922	3,916
Total assets	<u>\$ 36,287</u>	<u>\$ 35,111</u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable	\$ 2,247	\$ 2,030
Customer advances and amounts in excess of costs incurred	5,274	5,049
Other current liabilities	4,051	3,624
Total current liabilities	<u>11,572</u>	<u>10,703</u>
Long-term debt, net	5,053	5,052
Accrued pension liabilities	11,184	10,823
Other postretirement benefit and other noncurrent liabilities	4,450	4,404
Stockholders' equity	4,028	4,129
Total liabilities and stockholders' equity	<u>\$ 36,287</u>	<u>\$ 35,111</u>
Total debt-to-capitalization ratio:	<u>56%</u>	<u>55%</u>

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

	QUARTER ENDED	
	March 28, 2010	March 29, 2009
<u>Operating Activities</u>		
Net earnings	\$ 547	\$ 666
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of plant and equipment	172	175
Amortization of purchased intangibles	27	27
Stock-based compensation	41	30
Changes in operating assets and liabilities:		
Accounts receivable, net	(549)	(779)
Inventories	(293)	33
Accounts payable	217	120
Customer advances and amounts in excess of costs incurred	225	326
Other	1,262	620
Net cash provided by operating activities	1,649	1,218
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(92)	(132)
Proceeds from short-term investment transactions	107	-
Acquisitions of businesses / investments in affiliates	(19)	(156)
Other	(4)	(4)
Net cash used for investing activities	(8)	(292)
<u>Financing Activities</u>		
Repurchases of common stock	(516)	(499)
Common stock dividends	(238)	(227)
Issuances of common stock and related amounts	24	16
Net cash used for financing activities	(730)	(710)
Effect of exchange rate changes on cash and cash equivalents	(14)	-
Net increase in cash and cash equivalents	897	216
Cash and cash equivalents at beginning of period	2,391	2,168
Cash and cash equivalents at end of period	\$ 3,288	\$ 2,384

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			547		547
Common stock dividends declared (a)			(238)		(238)
Stock-based awards and other	3	116			119
Common stock repurchases (b)	(7)	(116)	(393)		(516)
Other comprehensive loss				(13)	(13)
Balance at March 28, 2010	<u>\$ 369</u>	<u>\$ -</u>	<u>\$ 12,267</u>	<u>\$ (8,608)</u>	<u>\$ 4,028</u>

(a) Includes dividends (\$0.63 per share) declared and paid in the first quarter.

(b) The Corporation repurchased 6.5 million shares for \$516 million during the first quarter. The Corporation has 22.3 million shares remaining under its share repurchase program as of March 28, 2010.

LOCKHEED MARTIN CORPORATION

Operating Data

Unaudited

	March 28, 2010	December 31, 2009
<u>Backlog</u>		
(In millions)		
Aeronautics	\$ 26,000	\$ 26,700
Electronic Systems	21,100	21,900
Information Systems & Global Services	12,200	12,600
Space Systems	15,700	16,800
Total	\$ 75,000	\$ 78,000

QUARTER ENDED

<u>Aircraft Deliveries</u>	<u>March 28, 2010</u>	<u>March 29, 2009</u>
F-16	6	8
F-22	4	5
C-130J	3	3