

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 27, 2010 ^(a)	June 28, 2009 ^(a)	June 27, 2010 ^(a)	June 28, 2009 ^(a)
Net sales	\$ 11,442	\$ 11,072	\$ 21,915	\$ 21,280
Cost of sales	10,382	10,060	19,927	19,263
Gross profit	1,060	1,012	1,988	2,017
Other income, net	75	66	119	113
Operating profit	1,135	1,078	2,107	2,130
Interest expense	86	74	173	148
Other non-operating income (expense), net	(19)	46	9	43
Earnings from continuing operations before income taxes	1,030	1,050	1,943	2,025
Income tax expense	303	319	675	628
Earnings from continuing operations	727	731	1,268	1,397
Earnings from discontinued operations ^{(b), (c)}	98	3	104	3
Net earnings	\$ 825	\$ 734	\$ 1,372	\$ 1,400
Effective tax rate	29.4%	30.4%	34.7%	31.0%
Earnings per common share:				
Basic				
Continuing operations	\$ 1.98	\$ 1.89	\$ 3.42	\$ 3.58
Discontinued operations	0.27	0.01	0.28	0.01
Basic earnings per common share	\$ 2.25	\$ 1.90	\$ 3.70	\$ 3.59
Diluted				
Continuing operations	\$ 1.96	\$ 1.87	\$ 3.38	\$ 3.54
Discontinued operations	0.26	0.01	0.28	0.01
Diluted earnings per common share	\$ 2.22	\$ 1.88	\$ 3.66	\$ 3.55
Average number of shares outstanding				
Basic	367.6	386.9	370.6	390.2
Diluted	371.7	390.9	374.7	394.2
Common shares reported in stockholders' equity at quarter end:			360.0	381.7

^(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.

^(b) In June 2010, we announced plans to divest Pacific Architects and Engineers, Inc. (PAE). As a result, the consolidated financial statements have been reclassified to reflect PAE as a discontinued operation.

^(c) The 2010 2nd quarter and year-to-date amounts include a \$96 million tax benefit due to the recognition of a deferred tax asset for PAE book and tax differences recorded when the decision was made to dispose of PAE.

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

	THREE MONTHS ENDED			SIX MONTHS ENDED		
	June 27, 2010	June 28, 2009	% Change	June 27, 2010	June 28, 2009	% Change
<u>Net sales</u>						
Aeronautics	\$ 3,146	\$ 3,086	2 %	\$ 6,079	\$ 5,867	4 %
Electronic Systems	3,528	3,395	4	6,804	6,564	4
Information Systems & Global Solutions	2,688	2,535	6	5,034	4,875	3
Space Systems	2,080	2,056	1	3,998	3,974	1
Total net sales	\$ 11,442	\$ 11,072	3 %	\$ 21,915	\$ 21,280	3 %
<u>Operating profit</u>						
Aeronautics	\$ 372	\$ 399	(7) %	\$ 696	\$ 754	(8) %
Electronic Systems	432	425	2	836	825	1
Information Systems & Global Solutions	238	224	6	445	451	(1)
Space Systems	245	224	9	458	436	5
Segment operating profit	1,287	1,272	1	2,435	2,466	(1)
Unallocated corporate expense, net	(152)	(194)		(328)	(336)	
Total operating profit	\$ 1,135	\$ 1,078	5 %	\$ 2,107	\$ 2,130	(1) %
<u>Margins</u>						
Aeronautics	11.8 %	12.9 %		11.4 %	12.9 %	
Electronic Systems	12.2	12.5		12.3	12.6	
Information Systems & Global Solutions	8.9	8.8		8.8	9.3	
Space Systems	11.8	10.9		11.5	11.0	
Total operating segments	11.2	11.5		11.1	11.6	
Total consolidated	9.9 %	9.7 %		9.6 %	10.0 %	

^(a) In June 2010, we announced the realignment of two IS&GS businesses, Readiness & Stability Operations (RSO) and Savi Technology, Inc., with our Simulation, Training and Support business to form the Global Training & Logistics line of business within Electronic Systems. All of the business segment information presented in the attachments has been reclassified to reflect this realignment and to exclude the PAE business from the IS&GS business segment information for all prior periods presented. PAE is now presented in discontinued operations. In connection with the realignment and divestiture activities announced in June, IS&GS' name was changed to Information Systems & Global Solutions, replacing "Services" with "Solutions" to better reflect its focus and scope.

LOCKHEED MARTIN CORPORATION

Effect of Realignment on ESBA and IS&GS Net Sales, Operating Profit and Margins ^(a)

Unaudited

(In millions, except percentages)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 27, 2010	June 28, 2009	June 27, 2010	June 28, 2009
Electronic Systems				
<u>Net Sales</u>				
Results under old structure	\$ 3,088	\$ 3,076	\$ 6,002	\$ 5,989
Realignment	440	319	802	575
Reported under new structure	<u>\$ 3,528</u>	<u>\$ 3,395</u>	<u>\$ 6,804</u>	<u>\$ 6,564</u>
<u>Operating profit</u>				
Results under old structure	\$ 405	\$ 406	\$ 793	\$ 796
Realignment	27	19	43	29
Reported under new structure	<u>\$ 432</u>	<u>\$ 425</u>	<u>\$ 836</u>	<u>\$ 825</u>
<u>Margins</u>				
Results under old structure	13.1 %	13.2 %	13.2 %	13.3 %
Realignment	(0.9)	(0.7)	(0.9)	(0.7)
Reported under new structure	<u>12.2 %</u>	<u>12.5 %</u>	<u>12.3 %</u>	<u>12.6 %</u>

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 27, 2010	June 28, 2009	June 27, 2010	June 28, 2009
Information Systems & Global Solutions				
<u>Net Sales</u>				
Results under old structure	\$ 3,277	\$ 3,018	\$ 6,149	\$ 5,779
Realignment	(440)	(319)	(802)	(575)
PAE to discontinued operations	(149)	(164)	(313)	(329)
Reported under new structure	<u>\$ 2,688</u>	<u>\$ 2,535</u>	<u>\$ 5,034</u>	<u>\$ 4,875</u>
<u>Operating profit</u>				
Results under old structure	\$ 269	\$ 248	\$ 502	\$ 490
Realignment	(27)	(19)	(43)	(29)
PAE to discontinued operations ^(b)	(4)	(5)	(14)	(10)
Reported under new structure	<u>\$ 238</u>	<u>\$ 224</u>	<u>\$ 445</u>	<u>\$ 451</u>
<u>Margins</u>				
Results under old structure	8.2 %	8.2 %	8.2 %	8.5 %
Realignment and exclusions	0.6	0.6	0.7	0.8
Reported under new structure	<u>8.9 %</u>	<u>8.8 %</u>	<u>8.8 %</u>	<u>9.3 %</u>

^(a) In June 2010, we announced the realignment of two IS&GS businesses, Readiness & Stability Operations (RSO) and Savi Technology, Inc., with our Simulation, Training and Support business to form the Global Training & Logistics line of business within Electronic Systems. We also announced plans to divest our PAE business. PAE is now presented in discontinued operations. This attachment shows what the results would have been under the old structure before the realignment, the impact of the realignment and the results under the new structure.

^(b) Earnings from discontinued operations on the Income Statement includes the operating profit amounts noted above plus interest income, interest expense and income tax expense or benefits. These amounts totaled \$94 million and \$90 million in the second quarter and first six months of 2010 as compared to (\$2) million and (\$7) million in the comparable 2009 periods.

LOCKHEED MARTIN CORPORATION

Selected Financial Data

Unaudited

(In millions, except per share data)

	<u>THREE MONTHS ENDED</u>		<u>SIX MONTHS ENDED</u>	
	<u>June 27, 2010</u>	<u>June 28, 2009</u>	<u>June 27, 2010</u>	<u>June 28, 2009</u>
Unallocated corporate expense, net				
FAS/CAS pension adjustment	\$ (110)	\$ (115)	\$ (220)	\$ (229)
Stock compensation expense	(41)	(42)	(82)	(72)
Other, net	(1)	(37)	(26)	(35)
Unallocated corporate expense, net	\$ (152)	\$ (194)	\$ (328)	\$ (336)

	<u>THREE MONTHS ENDED</u>		<u>SIX MONTHS ENDED</u>	
	<u>June 27, 2010</u>	<u>June 28, 2009</u>	<u>June 27, 2010</u>	<u>June 28, 2009</u>
FAS/CAS pension adjustment				
FAS pension expense	\$ (357)	\$ (259)	\$ (714)	\$ (518)
Less: CAS costs	(247)	(144)	(494)	(289)
FAS/CAS pension adjustment	\$ (110)	\$ (115)	\$ (220)	\$ (229)

	<u>THREE MONTHS ENDED JUNE 27, 2010^(a)</u>			<u>SIX MONTHS ENDED JUNE 27, 2010^(a)</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>
Unusual Item - 2010						
Elimination of Medicare Part D deferred tax assets	\$ -	\$ -	\$ -	\$ -	\$ (96)	\$ (0.25)

^(a) There were no unusual items reported in the first six months of 2009.

LOCKHEED MARTIN CORPORATION

Selected Financial Data

Unaudited

(In millions)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 27, 2010	June 28, 2009	June 27, 2010	June 28, 2009
<u>Depreciation and amortization of plant and equipment</u>				
Aeronautics	\$ 48	\$ 47	\$ 95	\$ 94
Electronic Systems	58	60	112	118
Information Systems & Global Solutions	14	17	28	31
Space Systems	44	42	87	85
Segments	164	166	322	328
Unallocated corporate expense, net	15	15	29	28
Total depreciation and amortization of plant and equipment	\$ 179	\$ 181	\$ 351	\$ 356

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 27, 2010	June 28, 2009	June 27, 2010	June 28, 2009
<u>Amortization of purchased intangibles</u>				
Aeronautics	\$ 13	\$ 13	\$ 25	\$ 25
Electronic Systems	5	5	11	9
Information Systems & Global Solutions	4	8	12	17
Space Systems	-	1	1	3
Total amortization of purchased intangibles	\$ 22	\$ 27	\$ 49	\$ 54

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

	(Unaudited) JUNE 27, 2010	DECEMBER 31, 2009
<u>Assets</u>		
Cash and Cash Equivalents	\$ 2,722	\$ 2,391
Short-Term Investments	877	346
Accounts Receivable, Net	6,383	5,840
Inventories	2,360	2,131
Deferred Income Taxes	962	812
Assets of Discontinued Operations Held for Sale	499	537
Other Current Assets	409	656
Total Current Assets	<u>14,212</u>	<u>12,713</u>
Property, Plant and Equipment, Net	4,381	4,517
Goodwill	9,797	9,810
Purchased Intangibles, Net	179	226
Prepaid Pension Asset	167	160
Deferred Income Taxes	3,614	3,779
Other Assets	3,889	3,906
Total Assets	<u>\$ 36,239</u>	<u>\$ 35,111</u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts Payable	\$ 2,271	\$ 2,014
Customer Advances and Amounts in Excess of Costs Incurred	5,180	5,039
Liabilities of Discontinued Operations Held for Sale	281	280
Other Current Liabilities	4,127	3,392
Total Current Liabilities	<u>11,859</u>	<u>10,725</u>
Long-term Debt, Net	5,019	5,052
Accrued Pension Liabilities	11,194	10,823
Other Postretirement Benefit Liabilities and Other Noncurrent Liabilities	4,433	4,382
Stockholders' Equity	3,734	4,129
Total Liabilities and Stockholders' Equity	<u>\$ 36,239</u>	<u>\$ 35,111</u>
Total debt-to-capitalization ratio:	<u>57%</u>	<u>55%</u>

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

	SIX MONTHS ENDED	
	June 27, 2010	June 28, 2009
<u>Operating Activities</u>		
Net earnings	\$ 1,372	\$ 1,400
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of plant and equipment	351	356
Amortization of purchased intangibles	49	54
Stock-based compensation	82	72
Excess tax benefits on stock compensation	(8)	(13)
Changes in operating assets and liabilities:		
Accounts receivable, net	(552)	(812)
Inventories	(197)	101
Accounts payable	247	118
Customer advances and amounts in excess of costs incurred	137	219
Other	1,393	859
Net cash provided by operating activities	2,874	2,354
<u>Investing Activities</u>		
Expenditures for property, plant and equipment	(223)	(299)
Net cash used for short-term investment transactions	(531)	-
Acquisition of businesses / investments in affiliates	(22)	(187)
Other	(28)	(14)
Net cash used for investing activities	(804)	(500)
<u>Financing Activities</u>		
Repurchases of common stock	(1,247)	(969)
Issuances of common stock and related amounts	37	23
Excess tax benefits on stock compensation	8	13
Common stock dividends	(471)	(449)
Cash premium and transaction costs for debt exchange	(47)	-
Net cash used for financing activities	(1,720)	(1,382)
Effect of exchange rate changes on cash and cash equivalents	(19)	32
Net increase in cash and cash equivalents	331	504
Cash and cash equivalents at beginning of period	2,391	2,168
Cash and cash equivalents at end of period	\$ 2,722	\$ 2,672

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	-	-	1,372	-	1,372
Common stock dividends declared (a)	-	-	(704)	-	(704)
Stock-based awards and other	3	251	-	-	254
Common stock repurchases (b)	(16)	(251)	(1,031)	-	(1,298)
Other comprehensive loss	-	-	-	(19)	(19)
Balance at June 27, 2010	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 11,988</u>	<u>\$ (8,614)</u>	<u>\$ 3,734</u>

(a) Includes dividends (\$0.63 per share) declared and paid in the first and second quarters. This amount also includes a dividend (\$0.63 per share) that was declared on June 24, 2010 and is payable on September 24, 2010 to stockholders of record on September 1, 2010.

(b) We repurchased 9.7 million shares for \$781.8 million during the second quarter. Year-to-date, we repurchased 16.2 million common shares for \$1.3 billion. We have 12.6 million shares remaining under our share repurchase program as of June 27, 2010.

LOCKHEED MARTIN CORPORATION

Operating Data

Unaudited

	June 27, 2010	December 31, 2009
<u>Backlog</u>		
(In millions)		
Aeronautics	\$ 24,400	\$ 26,700
Electronic Systems	21,900	23,100
Information Systems & Global Solutions	9,900	10,900
Space Systems	16,600	16,800
Total	\$ 72,800	\$ 77,500

THREE MONTHS ENDED

SIX MONTHS ENDED

<u>Aircraft Deliveries</u>	<u>June 27, 2010</u>	<u>June 28, 2009</u>	<u>June 27, 2010</u>	<u>June 28, 2009</u>
F-16	5	8	11	16
F-22	4	5	8	10
C-130J	6	3	9	6

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

	THREE MONTHS ENDED	THREE MONTHS ENDED				YEAR ENDED DECEMBER 31,	
	March 28, 2010	March 29, 2009	June 28, 2009	September 27, 2009	December 31, 2009	2008	2007
Net sales	\$ 10,473	\$ 10,208	\$ 11,072	\$ 10,893	\$ 12,332	\$ 41,926	\$ 41,232
Cost of sales	9,545	9,203	10,060	9,894	11,103	37,291	37,018
Gross profit	928	1,005	1,012	999	1,229	4,635	4,214
Other income, net	44	47	66	82	28	475	295
Operating profit	972	1,052	1,078	1,081	1,257	5,110	4,509
Interest expense	87	74	74	74	86	332	341
Other non-operating income (expense), net	28	(3)	46	54	26	(91)	189
Earnings from continuing operations before income taxes	913	975	1,050	1,061	1,197	4,687	4,357
Income tax expense	372	309	319	267	353	1,479	1,318
Earnings from continuing operations	541	666	731	794	844	3,208	3,039
Earnings (loss) from discontinued operations ^(a)	6	-	3	3	(17)	9	(6)
Net earnings	\$ 547	\$ 666	\$ 734	\$ 797	\$ 827	\$ 3,217	\$ 3,033
Effective tax rate	40.7%	31.7%	30.4%	25.2%	29.5%	31.6%	30.3%
Earnings per common share:							
Basic							
Continuing operations	\$ 1.45	\$ 1.69	\$ 1.89	\$ 2.08	\$ 2.23	\$ 8.03	\$ 7.31
Discontinued operations	0.01	-	0.01	0.01	(0.04)	0.02	(0.02)
Basic earnings per common share	\$ 1.46	\$ 1.69	\$ 1.90	\$ 2.09	\$ 2.19	\$ 8.05	\$ 7.29
Diluted							
Continuing operations	\$ 1.43	\$ 1.68	\$ 1.87	\$ 2.06	\$ 2.21	\$ 7.84	\$ 7.12
Discontinued operations	0.02	-	0.01	0.01	(0.04)	0.02	(0.02)
Diluted earnings per common share	\$ 1.45	\$ 1.68	\$ 1.88	\$ 2.07	\$ 2.17	\$ 7.86	\$ 7.10

^(a) In June 2010, we announced plans to divest Pacific Architects and Engineers, Inc. (PAE). As a result, the consolidated financial statements have been reclassified to reflect PAE as a discontinued operation.

LOCKHEED MARTIN CORPORATION

Net Sales, Operating Profit and Margins - Realigned Business Segments

Unaudited

(In millions, except percentages)

	THREE MONTHS ENDED		THREE MONTHS ENDED				YEAR ENDED DECEMBER 31,	
	March 28, 2010	March 29, 2009	June 28, 2009	September 27, 2009	December 31, 2009	2008	2007	
Net sales:								
Aeronautics	\$ 2,933	\$ 2,781	\$ 3,086	\$ 3,084	\$ 3,250	\$ 11,473	\$ 12,303	
Electronic Systems	3,276	3,169	3,395	3,254	3,714	12,803	12,046	
Information Systems & Global Solutions	2,346	2,340	2,535	2,482	2,761	9,623	8,680	
Space Systems	1,918	1,918	2,056	2,073	2,607	8,027	8,203	
Total net sales	\$ 10,473	\$ 10,208	\$ 11,072	\$ 10,893	\$ 12,332	\$ 41,926	\$ 41,232	
Operating profit:								
Aeronautics	\$ 324	\$ 355	\$ 399	\$ 397	\$ 426	\$ 1,433	\$ 1,476	
Electronic Systems	404	400	425	404	431	1,583	1,441	
Information Systems & Global Solutions	207	227	224	225	272	980	900	
Space Systems	213	212	224	236	300	953	856	
<i>Segment operating profit</i>	1,148	1,194	1,272	1,262	1,429	4,949	4,673	
Unallocated corporate expense, net	(176)	(142)	(194)	(181)	(172)	161	(164)	
Total operating profit	\$ 972	\$ 1,052	\$ 1,078	\$ 1,081	\$ 1,257	\$ 5,110	\$ 4,509	
Margins:								
Aeronautics	11.0 %	12.8 %	12.9 %	12.9 %	13.1 %	12.5 %	12.0 %	
Electronic Systems	12.3	12.6	12.5	12.4	11.6	12.4	12.0	
Information Systems & Global Solutions	8.8	9.7	8.8	9.1	9.9	10.2	10.4	
Space Systems	11.1	11.1	10.9	11.4	11.5	11.9	10.4	
Total operating segments	11.0	11.7	11.5	11.6	11.6	11.8	11.3	
Total consolidated	9.3 %	10.3 %	9.7 %	9.9 %	10.2 %	12.2 %	10.9 %	

LOCKHEED MARTIN CORPORATION
Selected Financial Data - Realigned Business Segments
Unaudited
(In millions)

	THREE MONTHS ENDED	THREE MONTHS ENDED				YEAR ENDED DECEMBER 31,	
	March 28, 2010	March 29, 2009	June 28, 2009	September 27, 2009	December 31, 2009	2008	2007
<u>Depreciation and amortization of plant and equipment</u>							
Aeronautics	\$ 47	\$ 47	\$ 47	\$ 49	\$ 55	\$ 190	\$ 181
Electronic Systems	54	58	60	61	66	257	230
Information Systems & Global Solutions	14	14	17	17	18	61	65
Space Systems	43	43	42	46	51	166	136
Segments	158	162	166	173	190	674	612
Unallocated corporate expense, net	14	13	15	15	16	53	54
Total depreciation and amortization of plant and equipment	\$ 172	\$ 175	\$ 181	\$ 188	\$ 206	\$ 727	\$ 666
<u>Amortization of purchased intangibles</u>							
Aeronautics	\$ 12	\$ 12	\$ 13	\$ 13	\$ 12	\$ 50	\$ 50
Electronic Systems	6	4	5	4	5	18	34
Information Systems & Global Solutions	8	9	8	8	9	36	48
Space Systems	1	2	1	2	(3)	5	9
Segments	27	27	27	27	23	109	141
Unallocated corporate expense, net	-	-	-	-	-	9	12
Total amortization of purchased intangibles	\$ 27	\$ 27	\$ 27	\$ 27	\$ 23	\$ 118	\$ 153

LOCKHEED MARTIN CORPORATION**Backlog - Realigned Business Segments**

Unaudited

(In millions)

	<u>March 28, 2010</u>	<u>March 29, 2009</u>	<u>June 28, 2009</u>	<u>September 27, 2009</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
<u>Backlog:</u>						
Aeronautics	\$ 26,000	\$ 27,100	\$ 27,900	\$ 25,900	\$ 26,700	\$ 27,200
Electronic Systems	22,300	24,000	22,100	21,700	23,100	23,500
Information Systems & Global Solutions	10,600	11,400	10,400	10,200	10,900	11,800
Space Systems	15,700	17,800	18,400	18,000	16,800	17,900
Total backlog	\$ 74,600	\$ 80,300	\$ 78,800	\$ 75,800	\$ 77,500	\$ 80,400