Lockheed Martin
4th Quarter 2010
Financial Results Conference Call
January 27, 2011
3:00 p.m. ET

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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; additional costs or schedule revisions to the F-35 program that may result from re-planning of the restructured program; return or loss on benefit plan assets, interest and discount rates, and other changes that may affect benefit plan assumptions; the effect of capitalization changes (such as share repurchase activity, advance pension funding, option exercises, or debt levels) on earnings per share; the allowability of costs under government cost accounting standards; the outcome of legal proceedings; the future impact of acquisitions, divestitures or joint ventures; the timing and availability of future government awards; 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](http://www.lockheedmartin.com) or at [www.sec.gov](http://www.sec.gov)), including our 2009 Form 10-K and 2010 10-Qs, contain more information on the types of risks and other factors that could adversely affect these statements.

2010 Financial Results are Unaudited
Achieved Highest Order Bookings in Corporate History for Full Year 2010

2010 Orders

4Q 2010 Key Orders

<table>
<thead>
<tr>
<th>Program</th>
<th>Business Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-35 JSF LRIP IV</td>
<td>Aeronautics</td>
</tr>
<tr>
<td>AEHF Space Vehicle 4</td>
<td>Space Systems</td>
</tr>
<tr>
<td>PAC-3</td>
<td>Electronics</td>
</tr>
<tr>
<td>C-130J</td>
<td>Aeronautics</td>
</tr>
<tr>
<td>Fleet Ballistic Missile</td>
<td>Space Systems</td>
</tr>
<tr>
<td>NISC III</td>
<td>IS&amp;GS</td>
</tr>
<tr>
<td>C-5 RERP</td>
<td>Aeronautics</td>
</tr>
<tr>
<td>Littoral Combat Ship</td>
<td>Electronics</td>
</tr>
</tbody>
</table>
Full Year Backlog

Major Programs in Backlog

<table>
<thead>
<tr>
<th>Program</th>
<th>Backlog Through</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-35 JSF</td>
<td>2013</td>
</tr>
<tr>
<td>F-16</td>
<td>2013</td>
</tr>
<tr>
<td>C-130J</td>
<td>2014</td>
</tr>
<tr>
<td>C-5</td>
<td>2016 (All Options)</td>
</tr>
<tr>
<td>Littoral Combat Ship</td>
<td>2015 (All Options)</td>
</tr>
<tr>
<td>MH-60 Helicopters</td>
<td>2013</td>
</tr>
<tr>
<td>GPS III</td>
<td>2019 (All Options)</td>
</tr>
<tr>
<td>AEHF</td>
<td>2017 (All Options)</td>
</tr>
</tbody>
</table>

Book-to-Bill Ratio of 1.6 in 4Q 2010 …
Grew Full Year 2010 Backlog by $1 Billion
4Q Sales Summary
($B)

Aeronautics

4Q 2009: $3
4Q 2010: $3.6
Increase: +19%

Electronic Systems

4Q 2009: $3
4Q 2010: $3.2
Increase: +7%

IS&GS

4Q 2009: $2
4Q 2010: $2.1
Increase: +2%

Space

4Q 2009: $3
4Q 2010: $2.7
Decrease: -(13%)

Total Corporate Quarterly Sales Growth of 5%
Full Year Sales Summary

($B)

Aeronautics

FY 2009: $12
FY 2010: $16 (+8%)

Electronic Systems

FY 2009: $12
FY 2010: $16 (+6%)

IS&GS

FY 2009: $8
FY 2010: $12 (+4%)

Space

FY 2009: $8
FY 2010: $5 (5%)

Total Corporate Annual Sales Growth of 4%
## 2010 EPS Reconciliation

<table>
<thead>
<tr>
<th>October 2010 Continuing Operations EPS Outlook</th>
<th>$6.75 – 6.95</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mid-Point of Outlook</strong></td>
<td>$6.85</td>
</tr>
<tr>
<td>Operational Improvement</td>
<td>0.12</td>
</tr>
<tr>
<td>Research &amp; Development Tax Credit</td>
<td>0.12</td>
</tr>
<tr>
<td>Other Improvements to Tax Provision</td>
<td>0.14</td>
</tr>
<tr>
<td>Facility Consolidation / Restructure Charge</td>
<td>(0.07)</td>
</tr>
<tr>
<td>All Other (net)</td>
<td>0.02</td>
</tr>
<tr>
<td><strong>2010 Continuing Operations EPS Actual</strong></td>
<td>$7.18</td>
</tr>
</tbody>
</table>
Cash Generation

Exceeded 2010 Outlook of $3.4 Billion in Cash from Operations… Funded $2.2 Billion to Pension Trusts

- **FY 2009**
  - Cash From Operations: $3.2B
  - Discretionary Pension Funding: $1.5B
  - Total Cash Generated: $4.7B

- **FY 2010**
  - Cash From Operations: $3.6B
  - Discretionary Pension Funding: $2.2B
  - Total Cash Generated: $5.8B

Record Level of LMT Cash Generation
Cash Deployment

$2.8B Returned to Shareholders

Share Repurchases $1.9B

Dividends $0.9B

$3.5B Returned to Shareholders

Share Repurchases $2.5B

Dividends $1.0B

*See Charts 18-19 for Definitions of Non-GAAP Measures

Returned 127% of Free Cash Flow* to Shareholders in 2010

January 27, 2011
Share Repurchases

Highest Quarterly and Annual Share Repurchase Volume in Corporate History

- **4Q 2009**: 6.6M Shares
- **4Q 2010**: 13.2M Shares
- **FY 2009**: 24.9M Shares
- **FY 2010**: 33.0M Shares

Record Level
Legacy of Significant Annual Reductions in Share Count …
7% Reduction in Common Shares in 2010
2011 Outlook
($M, Except EPS)

Current (Jan)

Sales
$45,750 - 47,250

Segment Operating Profit
$4,950 - 5,100

Unallocated Corp Inc / (Exp)
FAS/CAS Adjustment
~ (925)
Other Unallocated Items
~ (325)

Operating Profit
$3,700 - 3,850

EPS - Continuing Operations
$6.70 - 7.00

Cash From Operations
≥ $4,000

See Charts 18-19 for Definitions of Non-GAAP Measures
2011 Outlook
($M)

Sales

Aeronautics
$14,350 - 14,750

Space
$8,100 - 8,450

Electronics
$13,800 - 14,200

IS&GS
$9,500 - 9,850

$45,750 - 47,250M

Segment Op Profit

Aeronautics
$1,545 - 1,585

Space
$925 - 960

Electronics
$840 - 875

IS&GS
$840 - 875

$4,950 - 5,100M

See Charts 18-19 For Definitions of Non-GAAP Measures
### 2011 FAS/CAS Summary ($M)

<table>
<thead>
<tr>
<th>October 2010 Outlook</th>
<th>($1,200)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 bps Increase in Discount Rate 5.00% → 5.50%</td>
<td>200</td>
</tr>
<tr>
<td>2010 Actual Rate of Return of 13%</td>
<td>55</td>
</tr>
<tr>
<td>EIG Divestiture: Lower 2011 FAS Expense</td>
<td>20</td>
</tr>
</tbody>
</table>

| January 2011 Outlook | ($925) |

**Favorable Benefit from Increased Discount Rate and Higher Asset Performance**

- Increased 2011 EBIT $275M
## Earnings per Share

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS Continuing Operations</td>
<td>$7.18</td>
<td>$6.85*</td>
</tr>
<tr>
<td>FAS/CAS Adjustment</td>
<td>0.80</td>
<td>1.75</td>
</tr>
<tr>
<td><strong>Adjusted EPS</strong></td>
<td><strong>$7.98</strong></td>
<td><strong>$8.60</strong></td>
</tr>
</tbody>
</table>

*Calculated Based on Mid-Point of Guidance Range – See Chart 12
See Charts 18-19 for Definitions of Non-GAAP Measures

Growth of 8% in 2011 Adjusted EPS
Value Proposition of LMT

• Dividend Yield
• Share Repurchases
• Pension Cash Flows
• F-35 Growth

Foundation for Shareholder Value Creation
Financial Appendix
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. 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.

2011 Outlook (Jan)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$45,750 - 47,250</td>
</tr>
<tr>
<td>Segment Operating Profit</td>
<td>$4,950 - 5,100</td>
</tr>
<tr>
<td>Mid-Point Segment Margin</td>
<td>10.8%</td>
</tr>
<tr>
<td>Consolidated Operating Profit</td>
<td>$3,700 – 3,850</td>
</tr>
</tbody>
</table>

Adjusted Earnings Per Share
Lockheed Martin defines adjusted earnings per share as GAAP earnings per share excluding the effect of the FAS/CAS pension adjustment. Management uses these measures as an additional means to compare and forecast the company’s operating performance before the effect of the FAS/CAS pension adjustment between periods and in comparison to that of other companies within our industry as an alternative to GAAP.
### Definitions of Non-GAAP Measures

**Free Cash Flow**
Lockheed Martin defines free cash flow as GAAP cash from operations less the amount identified as expenditures for property, plant and equipment.

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash From Operations</td>
<td>$3,547</td>
</tr>
<tr>
<td>Less: Capital Expenditures</td>
<td>(820)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>$2,727</td>
</tr>
<tr>
<td>Share Repurchases</td>
<td>$2,483</td>
</tr>
<tr>
<td>Add: Dividends Paid</td>
<td>969</td>
</tr>
<tr>
<td><strong>Total Cash Returned to Shareholders</strong></td>
<td><strong>$3,452</strong></td>
</tr>
</tbody>
</table>

**Total Cash Returned to Shareholders** | **$3,452**
**Divided by: Free Cash Flow** | **2.727**
**Percentage of Free Cash Flow Returned to Shareholders** | **127%**